



Staff Report

File #: 24-0423

REQUEST FOR CITY COUNCIL ACTION

DATE: 08/21/2024

TO: Honorable Mayor and City Council Members

FROM: City Manager's Office

SUBJECT:

APPROVAL OF THE THIRD AMENDMENT TO THE MERCY HOUSE HOMELESS SYSTEM OF SERVICES AGREEMENT

EXECUTIVE SUMMARY:

The staff report asks City Council to approve the Third Amendment to the Mercy House Homeless System of Services Agreement to support the Harrison Hope Center Shelter/Navigation Center, Pilot Transportation/M meal Services Program, HOME Tenant-Based Rental Assistance Program, Permanent Supportive Housing Program and Recuperative Care Program.

RECOMMENDED ACTION:

That the City Council:

- a. Approve the Third Amendment to the Professional Services Agreement with Mercy House for Corona's Homeless System of Services, to extend the term to December 31, 2024, with the total maximum compensation amount of \$8,469,544.
- b. Authorize the City Manager, or his designee, to execute the Third Amendment to the Professional Services Agreement with Mercy House.
- c. Authorize the City Manager, or his designee, to approve non-substantive amendments to the Professional Services Agreement, including line-item adjustments, so long as any such amendments will not cause the City to exceed the approved total maximum compensation of \$8,469,544, for the Third Amendment.

BACKGROUND & HISTORY:

On December 7, 2022, the City Council approved the Mercy House Homeless System of Services

Agreement totaling \$3,988,491 for a 7-month period through June 30, 2023.

On June 21, 2023, the City Council adopted the City of Corona Budget for Fiscal Year (FY) 2024, which included \$4,699,255 in funding to support the Mercy House Homeless System of Services Agreement for a 12-month period beginning July 1, 2023.

On June 21, 2023, the City Council approved a First Amendment to the Mercy House Homeless System of Services Agreement to extend the term to June 30, 2024, eliminate the \$218,202 contingency, and reduce the maximum obligation of the Agreement to \$3,770,283.

On April 3, 2024, the City Council approved a Second Amendment to the Mercy House Homeless System of Services Agreement to add FY 2024 funds of \$4,699,255, bringing the agreement's maximum obligation to \$8,469,544. The agreement's term did not change.

ANALYSIS:

When the City Council approved the Second Amendment to the Mercy House Homeless System of Services Agreement on April 3, 2024, the term of the Agreement was not changed even though 12 months of funding were incorporated into the Agreement, with services retroactive to January 1, 2024. As a result, the term of the Agreement expired on June 30, 2024, even though services were funded through December 31, 2024.

The plan was for Homeless Solutions staff to work in collaboration with the City Attorney's Office to develop a new Agreement for Mercy House to accomplish the following objectives:

- 1) align the agreement to the fiscal year;
- 2) incorporate FY 2025 Measure X funds;
- 3) incorporate a \$1,000,000 County ARPA grant;
- 4) incorporate a \$400,000 County HHIP grant;
- 5) incorporate FY 2025 State PLHA grant funds;
- 6) incorporate FY 2025 HOME grant funds;
- 7) simplify the structure of the budget line items to align to other Homeless Solutions Agreements approved by the City Council; and
- 8) request City Council approval to delegate authority to the City Manager to update some of the contract Exhibits that are more procedural and/or operational in nature.

Unfortunately, homeless solutions staff faced several critical deadlines regarding multiple grants for the cities of Corona and Norco. The deadlines were related to spending and drawdown requirements, reporting requirements, on-site monitoring visits from grant funding agencies, and no-cost grant extension requests. Not meeting these deadlines would have resulted in the recapture of approximately \$1,500,000 in grant funding for the cities of Corona and Norco. The good news is that Homeless Solutions was able to meet all aforementioned grant deadlines. Therefore, at this time, multiple Homeless Solutions grants for the cities of Corona and Norco are not at risk of recapture or

deobligation.

In addition, Homeless Solutions needed time to work with the City Attorney's Office and the County to negotiate language changes to the County ARPA and County HHIP grant agreements. As a result of these issues, the Mercy House Agreement expired before staff was able to finalize the FY 2025 Mercy House Agreement for Council approval.

Staff recommends approval of the Third Amendment to the Mercy House Agreement to extend the term to December 31, 2024. Soon, staff will return to the City Council for approval of the FY 2025 Mercy House Agreement to incorporate the funds as aforementioned and to extend the Agreement through June 30, 2025.

Homeless Strategic Plan

The recommended action supports multiple goals and strategies in the City's Homeless Strategic Plan, including:

- Goal 1: Develop a Systems-Oriented Approach to Address Homelessness
- Goal 2: Develop a Low-Barrier Emergency Shelter/Navigation Center
- Goal 3: Develop Permanent Supportive and Affordable Housing Solutions
- Goal 8: Develop a Homeless Prevention Initiative
- Goal 10: Expand Data Tracking Systems to Measure System Performance

FINANCIAL IMPACT:

Approval of the recommended actions result in no additional financial impact.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action involves the approval of a Third Amendment to the Mercy House Homeless System of Services. Approval of this Agreement and provision of homeless services will not have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: KAREN ROPER, HOMELESS SOLUTIONS MANAGER

REVIEWED BY: BRETT CHANNING, ASSISTANT CITY MANAGER

Attachments:

1. Exhibit 1 - FY 23 Mercy House System of Services Agreement
2. Exhibit 2 - FY 23 First Amendment to the Mercy House System of Services Agreement
3. Exhibit 3 - FY 24 Second Amendment to the Mercy House System of Services Agreement

4. Exhibit 4 - FY 24 Third Amendment to the Mercy House System of Services Agreement