



Staff Report

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**File #:** 22-0931

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**REQUEST FOR CITY COUNCIL ACTION**

**DATE:** 12/07/2022

**TO:** Honorable Mayor and City Council Members

**FROM:** City Manager's Office

**SUBJECT:**

Approve the Professional Services Funding and Lease Agreements with Mercy House Living Centers, the Second Amended Partner Agency Agreement with the Path of Life Ministries, and the Eleventh Amendment to the Maintenance and General Services Agreement with Security Defense.

**EXECUTIVE SUMMARY:**

This staff report asks the City Council to consider approving the Professional Services Funding Agreement and Lease Agreement between the City of Corona and Mercy House Living Centers for the Fiscal Year (FY) 2023 Homeless System of Services which includes the Emergency Shelter/Navigation Center, Post Hospital Recuperative Care, Pilot Transportation Shuttle and Meal Services, Permanent Supportive Housing, and Tenant-Based Rental Assistance Programs. Staff is also asking the City Council to consider approval of a Second Amended Partner Agency Agreement with the Path of Life Ministries (Path of Life), the Eleventh Amendment to the Maintenance and General Services Agreement with Security Defense, and appropriation of additional Measure X funding to support Corona's Homeless System of Services.

**RECOMMENDED ACTION:**

**That the City Council:**

- a. Approve the Professional Services and Funding Agreement for the FY 2023 Homeless System of Services between the City of Corona and Mercy House Living Centers for a total amount not-to-exceed \$3,988,491.
- b. Authorize the City Manager, or his designee, to execute the Professional Services and Funding Agreement for the FY 2023 Homeless System of Services between the City of Corona and Mercy House Living Centers, including non-substantive amendments and line-item adjustments within the approved program budgets of the FY 2023 Professional Services and Funding Agreement between the City of Corona and Mercy House.

- c. Approve the Lease Agreement for the Harrison Shelter and 5<sup>th</sup> Street Housing Units between the City of Corona and Mercy House
- d. Authorize the City Manager, or his designee, to execute the Lease Agreement for the Harrison Shelter and 5th Street Housing Units between the City of Corona and Mercy House, including non-substantive amendments.
- e. Authorize an appropriation of \$638,726 from the Measure X Fund 120 to the Homeless Solutions Program in the City's Manager's Office.
- f. Approve the Eleventh Amendment to the Maintenance and General Services Agreement with Security Defense to increase the total compensation from \$175,000 to \$271,481 through June 30, 2023.
- g. Authorize the City Manager, or his designee, to execute the Eleventh Amendment to the Maintenance and General Services Agreement with Security Defense.
- h. Authorize the issuance of a change order for \$96,481 to Security Defense for security services, increasing the FY 2023 purchase order (B230344) from \$175,000 to \$271,481 through June 30, 2023.
- i. Approve the Second Amended Partner Agency Agreement with the Path of Life to provide \$120,000 in emergency shelter services through June 30, 2023.
- j. Authorize the City Manager, or his designee, to execute the Second Amended Partner Agency Agreement with the Path of Life, including non-substantive amendments.
- k. Authorize an increase in the Path of Life purchase order (B230196) from \$129,000 to \$249,000 to extend emergency shelter services through June 30, 2023.

**BACKGROUND & HISTORY:**

Homeless Strategic Plan

On June 17, 2020, the City Council adopted the Homeless Strategic Plan with the following vision:

- Comprehensive, five-year roadmap that will be implemented in phases over time.
- Document that supports a flexible and scalable system of services that can respond to changing needs, issues, and opportunities.

The City Council's approval of the recommended actions will support the following goals in the Homeless Strategic Plan:

- 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

Since the City Council adopted the Homeless Strategic Plan, the City of Corona has been systematically developing a homeless system of services including expansion of outreach and engagement efforts with City Net and the Corona Police Department's Homeless Outreach & Psychological Evaluation (HOPE) Team; development of a 25 room per night Motel Emergency Shelter Program operated by City Net; expansion of Path of Life Emergency Shelter Beds from 5 to 10 beds per night; a partnership with the County's Housing and Workforce Services Department and Abode Communities to convert the Ayres Hotel into 53 units of Permanent Supportive Housing; and a partnership with County Behavioral Health for a Community Behavioral Health Assessment Team (CBAT) and a Mobile Crisis Management Team (MCMT).

In addition, City Council has approved Phase I and Phase II construction renovation improvements totaling \$3,027,912 to transform the Harrison Shelter into a dynamic Emergency Shelter/Navigation Center that is pet friendly and complete with an onsite clinic that will offer medical, behavioral health and dental services. Phase II construction improvements are tentatively scheduled for completion sometime in December 2022. When City Council approved the Phase II construction renovation improvements on April 20, 2022, staff provided a timeline for release of a Request for Proposals to select a nonprofit to operate the Harrison Shelter/Navigation Center, 5th Street Housing Units, and other homeless services contained in the proposed Mercy House agreements.

## **ANALYSIS:**

### Homeless System of Services Requests for Proposals Process

On June 1, 2022, Request for Proposals (RFP) #22-047SB for Homeless System of Services was advertised in the Sentinel Weekly News and posted to Planet Bids. Planet Bids notified 20 registered City of Corona vendors and 700 external, non-City of Corona registered vendors. In addition, the RFP was advertised to the entire Riverside County Continuum of Care which has 524 member representatives from multiple County Agencies, 28 cities, homeless shelter, service and housing providers, school districts, colleges and universities, healthcare providers, faith-based organizations, and many other diverse stakeholders.

On June 13, 2022, three nonprofit organizations participated in the Mandatory Pre-Proposal Conference and on June 21, 2022, the same three nonprofit organizations participated in the Mandatory Site Visitation of the Harrison Shelter and 5th Street Housing Units. The three participating nonprofits included Mercy House, Holliday's Helping Hands, Inc., and Path of Life.

The RFP closed on July 11, 2022. Only one responsive proposal was received from Mercy House. Path of Life sent an email indicating that they were extremely interested in applying but due to turnover in staff and other organizational changes, they decided not to submit a proposal at this time. Holliday's Helping Hands, Inc. did not meet the RFP deadline for proposal submission.

On July 11, 2022, staff conducted a threshold review of the Mercy House proposal. The proposal met

all requirements regarding application completion and eligibility requirements and passed threshold review and was delivered to the Evaluation Committee. The Evaluation Committee was comprised of experts in the field of homeless shelter, homeless services, and affordable housing programs. Panel experts included the County's Deputy Director that oversees the Riverside County Continuum of Care, the Corona Homeless Solutions Manager, and the Corona Community Assistance Manager.

The Evaluation Committee scored the Mercy House proposal based upon five (5) different categories including 1) Organizational Capacity, Experience, and Readiness (15 point maximum), 2) Program Design and Operations (40 point maximum); 3) Level and Types of Services Offered/Service Partners (10 point maximum); 4) Client Selection and Service Delivery (10 point maximum); 5) Method to Track and Achieve Successful Outcomes for City of Corona Homeless Strategic Plan Performance Measures (10 point maximum); and 6) Budget and Resource Leveraging (15 point maximum). Two categories of bonus points were also available: 1) Oral Interview (10 point maximum); and 2) Project Readiness (10 point maximum) for a maximum potential score of 120 points.

As outlined in Exhibit 3 - Evaluation Score Sheet, Mercy House received an overall average score of 111 points. The evaluator scores were very consistent and not far apart in each of the categories. The Evaluation Committee highly recommends Mercy House as the operator for Corona's Homeless System of Services.

#### Mercy House Operational and Capital Advance Request and 10% Contingency

Mercy House operates emergency shelter, homeless service, permanent supportive housing, and affordable housing programs in 67 different cities in Kern County, Los Angeles County, Maricopa County, Orange County, Riverside County, and Ventura County. Consistent with other cities Mercy House contracts with, and to properly manage multiple programs and cash flow issues, one of the contract conditions they require is a operational and capital advance that is equal to two-months' worth of operating costs (\$720,794). The cash advance also includes a budget line item for Furniture, Fixtures, and Equipment (\$117,237) for a total cash advance of \$838,031.

Also consistent with the many other programs operated by Mercy House, whenever they are developing a new emergency shelter and/or system of services, a 10% contingency is requested to address unforeseen costs and issues that are common when developing new shelter programs and services. The 10% contingency of \$218,202 is not automatically part of the Mercy House budget and must be approved by the City Manager, or his designee, before any expenditures are authorized.

As part of due diligence, staff contacted three other cities that have authorized cash advances as part of contract terms with Mercy House. These cities indicated Mercy House is in good standing and that there have been no issues with the cash advance process or program operations.

#### Mercy House Contract Development and Partnership Development

Since the RFP process was concluded in mid-August, Homeless Solutions has been working with Mercy House on several activities leading up to this agenda staff report. These activities include but are not limited to:

- ✓ Contract negotiations and development of five (5) different scopes of services and program budgets.
- ✓ Facilitation of meetings with Mercy House and Centro Medico Community Clinic to develop service delivery protocols and plans for development of a lease agreement with Centro Medico Community Clinic and a Memorandum of Understanding (MOU) with Corona Regional Medical Center.
- ✓ Collaboration with Centro Medico Community Clinic to complete paperwork and obtain clinic site approval from the US Department of Health and Human Services Health Resources and Services Administration (HRSA).
- ✓ Collaboration on a \$2.5 million Continuum of Care grant application to provide 34 units of scattered site permanent supportive housing. The project scored 97 and was ranked as the number two project in the \$14.1 million grant application that was recently submitted to HUD for Riverside County.
- ✓ Collaboration with Mercy House to apply for Riverside County Housing Authority Project Based Vouchers that can provide operating subsidies to cashflow the 5th Street Permanent Supportive Housing Units for an initial period of twenty (20) years.

### Security Defense

Due to ongoing vandalism and break-ins reported by the Corona Police Department, Information Technology via security system monitoring, and construction management staff, it was necessary to hire security guards at the homeless shelter site. Since August 2022, Security Defense has provided 24/7 security services at the shelter site, which will continue through the end of January 2023. At that time, Mercy House will have completed its 3-bid process to hire long-term security services. The costs for these services are \$96,481. Accordingly, staff recommends approval of the Eleventh Amendment to the Maintenance and General Services Agreement with Security Defense to increase the total compensation from \$175,000 to \$271,481.

### Path of Life Agreement

On October 6, 2021, the City Council approved the First Amended Partner Agency Agreement with Path of Life to expand services at their shelter from five (5) beds to ten (10) beds per night. On June 15, 2022 City Council authorized an increase of \$129,000 to the Path of Life purchase order to continue shelter services through January 31, 2023. This approval included a cost increase from \$50 per bed, per day to \$60 per bed, per day for Corona's ten (10) reserved shelter beds.

Following City Council's approval of the proposed Mercy House Agreements, the Shelter/Navigation Center may not open for at least 90-120 days, depending upon the time it takes to purchase and install all the furniture, fixtures, and equipment, as well as hiring 47 staff members and

transportation and security vendors for the five (5) different program components.

To plan for a smooth transition, staff recommends that the City Council approve the Second Amended Partner Agency Agreement with the Path of Life to provide \$120,000 in emergency shelter services through June 30, 2023. The \$120,000 includes a cost increase from \$60 per bed, per day to \$80 per bed, per day for Corona's ten (10) reserved beds at their shelter. This approval will increase the Path of Life total compensation from \$129,000 to \$249,000.

#### Request for Appropriation of Measure X Funding

When combined, the Agreements with Mercy House, Path of Life, and Security Defense require an appropriation of \$638,726 in funding from Measure X. This funding request is critical to support the successful implementation of the City's Homeless Strategic Plan. Further, the additional funds are needed to address budget gaps to fully fund all programs and services proposed in this agenda staff report. It is important to note that 66% of the Mercy House System of Services Agreement of \$3,988,491 is funded with Federal HOME and State PLHA funds.

#### Consistency with the Homeless Strategic Plan

All of the programs and services proposed in this agenda staff report are consistent with the goals and implementing strategies in the City of Corona Homeless Strategic Plan.

#### **FINANCIAL IMPACT:**

Approval of the recommended actions will appropriate \$638,726 in recurring Measure X funds to the Homeless Solutions Program. Future fiscal year requests will be evaluated and submitted through the annual budget process. There is sufficient existing fund balance for the requested appropriation.

#### **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 commonsense 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 agreements with Mercy House, Path of Life, and Security Defense to provide a variety of homeless services including emergency shelter, transportation and meal services, recuperative care, rental assistance, security, and permanent supportive housing. Approval of these agreements and provision of expanded 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:** ROGER BRADLEY, ASSISTANT CITY MANAGER

**Attachments:**

1. EXHIBIT 1 - Mercy House Homeless System of Services Agreements
2. EXHIBIT 2 - Path of Life Second Amended Partner Agency Agreement
3. EXHIBIT 3 - Summary of Evaluator Score Results for RFP 22-047SB
4. EXHIBIT 4 - 11th Amendment to Maintenance and General Services Agreement with Security Defense Security Guard Services