



Staff Report

File #: 23-0701

REQUEST FOR CITY COUNCIL ACTION

DATE: 12/06/2023

TO: Honorable Mayor and City Council Members

FROM: City Manager's Office

SUBJECT:

APPROVAL OF SECOND AMENDMENT TO MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF CORONA AND THE CITY OF NORCO AND THE SECOND AMENDMENT TO COLLABORATIVE HOMELESS SERVICES AGREEMENT WITH CITY NET

EXECUTIVE SUMMARY:

The staff report asks the City Council to approve the Second Amendment to the Memorandum of Understanding between the City of Corona and the City of Norco for collaborative homeless services and the Second Amendment to the City Net Agreement for Collaborative Homeless Services for outreach, engagement, case management, motel shelter, housing assistance, and other program services.

RECOMMENDED ACTION:

That the City Council:

- a. Authorize the City Attorney and the City Manager, or their designees, to prepare and approve the Second Amendment to the Memorandum of Understanding between the City of Corona and the City of Norco for collaborative homeless services for a maximum amount of \$2,673,044, which includes \$2,450,290 for the City Net Norco scope of services and \$222,753 for the City of Corona Homeless Programs administrative fee for the term of July 1, 2022 to September 30, 2025.
- b. Authorize the City Manager, or his designee, to approve non-substantive amendments, including line-item adjustments and hourly compensation rate increases within the approved program budgets of Second Amendment to the Memorandum of Understanding between the City of Corona and the City of Norco.
- c. Authorize the City Manager, or his designee, to appropriate a maximum amount of up to

\$112,253 in additional funding to the homeless programs operating budget within the City Manager's Office and increase revenue estimates to a maximum amount of up to \$112,253 in the General Fund 110 in the Fiscal Year 2024 budget to supplement the \$59,193 that was originally budgeted for Fiscal Year 2024, plus \$51,307 that was appropriated in FY 2023 bringing the Second Amendment to the Memorandum Of Understanding revenue total to \$222,753.

- d. Authorize the City Manager, or his designee, to appropriate a maximum amount of up to \$1,234,774 in additional funding to the homeless programs operating budget within the City Manager's Office and increase revenue estimates to a maximum amount of up to \$1,234,774 to supplement the FY 2024 \$651,133 budget estimate and the FY 2023 \$564,383 appropriation for revised total City Net Norco budget allocation of \$2,450,290.
- e. Authorize the City Attorney and the City Manager, or their designees, to prepare and approve the Second Amendment to the Professional Services Agreement between the City of Corona and Kingdom Causes, Inc. DBA City Net, a California Domestic Nonprofit Corporation to authorize provided services to the City of Corona in the amount of \$4,601,527 and the City of Norco for a maximum amount of up to \$2,450,290 for a total maximum obligation of up to \$7,051,817.
- f. Authorize the City Manager, or his designee, to approve non-substantive amendments, including line-item adjustments and hourly compensation rate increases within the approved program budgets in the Second Amendment to the Professional Services Agreement between the City of Corona and Kingdom Causes, Inc. DBA City Net, a California Domestic Nonprofit Corporation for provision of services to the City of Corona and the City of Norco.

BACKGROUND & HISTORY:

Homeless Strategic Plan

On June 17, 2020, the City Council adopted the Homeless Strategic Plan (the 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 Plan includes goals, implementing strategies, and specific milestones that guide each phase of Plan implementation.

City of Corona/City of Norco MOU

In support of Goal 5 of the Plan, on June 16, 2021, the City Council approved a Memorandum of Understanding (MOU) for Collaborative Homeless Services with the City of Norco and Kingdom Causes, Inc. DBA City Net, a California Domestic Nonprofit Corporation (City Net) agreements that

included the Norco Outreach, Case Management, and Motel Shelter Programs. The MOU with the City of Norco includes a 10% administrative fee that is paid to the City of Corona for managing Norco's homeless programs through the City Net contract. The benefits of the Corona/Norco partnership are as follows:

- Corona's existing contracts with City Net are easily amended to include Norco's scope of services.
- This model expanded services into the City of Norco so that Norco's homeless neighbors are served in their city of residence.
- This model benefits the City of Corona as homeless data and calls for assistance confirm that Norco's homeless neighbors were previously coming to the City of Corona for services and shelter.
- This model benefits a small City like Norco by coming under the umbrella of Corona's well-established outreach/engagement and motel emergency shelter framework.
- This model sets the standard for a mutually beneficial partnership for collaborative homeless services and hopefully inspires other cities to work with each other to develop collaborative homeless services.
- This partnership results in the achievement of Goal 5 in the City's Homeless Strategic Plan which states: "Develop and participate in sub-regional collaboratives with neighboring cities".
- The Corona/Norco alliance has been showcased as a best practice model by the League of California Cities, the County of Riverside, the International City/County Management Association, and other government agencies.

On June 21, 2023, the City Council approved a First Amendment to extend the term of the MOU to June 30, 2024.

City Net Agreement

When the City Council approved the City Net agreement on July 1, 2022, it included a scope of services for the City of Corona and the City of Norco for the provision of Outreach, Engagement, Case Management, Motel Emergency Shelter, and the Make It Cozy Warehouse Program. The City Net Agreement was funded with Corona's general funds and Norco's housing funds.

On June 21, 2023, the City Council approved a First Amendment to extend the term of the City Net Agreement to June 30, 2024.

ANALYSIS:

Partnership with the City of Norco

The partnership with the City of Norco has been extremely successful. Homeless Solutions has provided grant writing technical expertise and support to assist Norco in securing a \$1,071,434 Santa

Ana River Bottom grant as well as writing the scope of services, program narrative, and budget to support Norco's \$800,000 SAMHSA grant award. As a result of these additional grant resources, homeless programs and services in Norco will be expanded to double motel shelter capacity from 8 rooms to 16 rooms per night as well as to provide rental assistance, security deposits, landlord incentives, move-in costs, and other supports to decrease street homelessness, increase shelter placements and increase permanent housing placements.

Although Norco's SAMHSA \$800,000 award notice has been received, the detailed budget line items associated with the scope of work are pending final approval. In addition, the Norco City Council will not be taking action on the Second Amendment to the MOU until December 20, 2023; therefore, staff is requesting that City Council authorize the City Attorney and City Manager to prepare and approve the Second Amendment to the MOU with the City of Norco up to the maximum amount of \$2,673,044. The FY 2023 MOU and First Amendment to the MOU with Norco is attached to this agenda item (Exhibit 1 and 2) for reference as the terms and conditions of the Second Amendment to the MOU will be similar but include additional funding sources and expansion of services as defined below. Once the Norco City Council takes action on December 20, 2023, the Second Amendment to the MOU will be finalized.

Additional Funding Resources, Expansion of Services, and Changes Proposed for Second Amendment to the Corona/Norco MOU:

The Second Amendment to the MOU will include budget exhibits and terms outlining the following:

- FY 2023 Funds of \$615,690 from the Norco Housing Funds to allocate \$564,383 for City Net and \$51,307 in Admin Fees for the City of Corona.
- FY 2024 Funds of \$1,034,286 include a SAMHSA Grant of \$800,000 and Norco Housing Funds of \$234,286. The FY 2024 allocation includes \$948,096 for City Net and \$86,191 for Admin Fees for the City of Corona.
- The terms and conditions outlined in the County Funding Agreement and Budget Modification for the Norco Santa Ana River Bottom Program will be included as a part of the Second Amendment to the MOU (Exhibit 5 and 6 of this agenda staff report). The funding allocation includes \$937,812 in funding for City Net and \$85,256 in Admin Fees for the City of Corona for a total of \$1,023,068.
- The City Net Norco Santa Ana River Bottom allocation of \$937,812 includes \$85,256 in indirect/overhead costs that are split between the grant funds of \$42,628 and Norco Housing Funds of \$42,628.
- The City Net Norco total funding allocation is \$2,450,290.
- The City of Corona total Admin Fee allocation is \$222,753.
- When combined, these multi-year funding allocations total \$2,673,044.
- The term of the MOU will be July 1, 2022 through September 30, 2025 to align with multiple year budgets and grant funding sources.

City Net Agreement

The existing FY 2023 City Net agreement and first amendment to the agreement are attached to this agenda item for reference as Exhibit 3 and 4.

Additional Funding Resources, Expansion of Services, and Changes Proposed for Second Amendment to the City Net Agreement:

The Second Amendment to the City Net Agreement will include budget exhibits and terms outlining the following:

- FY 2023 Funds of \$1,650,194 from City General Funds.
- FY 2024 Funds of \$1,986,021 from City General Funds.
- The terms and conditions outlined in the County Funding Agreement and Budget Modification for the Norco Santa Ana River Bottom Program will be included as a part of the Second Amendment to the City Net Agreement (Exhibit 5 and 6 of this agenda staff report). The City Net Norco Santa Ana River Bottom Funding is outlined above under the Norco MOU section of this staff report.
- The terms and conditions outlined in the County Funding Agreement and Budget Modification for the Corona Santa Ana River Bottom Program will be included as a part of the Second Amendment to the City Net Agreement (Exhibit 7 and 8 of this agenda staff report). The City Net Corona Santa Ana River Bottom Funding is \$965,312.
- The City Net Corona Santa Ana River Bottom allocation of \$965,312 includes \$87,756 in indirect/overhead costs that are split between the grant funds of \$43,878 and City General Funds of \$43,878.
- When combined, the City Net Corona scope of services multi-year funding allocations total \$4,601,527.
- When combined with the City Net Norco funding outlined above (\$2,450,290), the City Net Second Amendment will total \$7,051,817.
- The term of the Second Amendment to the City Net Agreement will be July 1, 2022, through September 30, 2025, to align with multiple year budgets and grant funding sources.
- The Make It Cozy (MIC) Program will be deleted from the City Net Scope of Services. The Agreement contains a License for Storage of Donated Furnishings. The City has decided to demolish the building being used to store donated furnishings for this program. Accordingly, Exhibit "E" - License for Storage of Donated Furnishings will be deleted from this Agreement effective December 31, 2023. Mercy House has agreed to lease warehouse space and provide Make It Cozy Program services in the City of Corona and the City of Norco. Cost allocations for the transfer of this program will be outlined in a future Mercy House agenda item.
- City Net will provide motel activation services to support City needs for disasters and emergencies in the City of Corona and Norco. Services will be managed within the existing budget of the agreement.
- Additional grant funding will expand the City Net Corona Motel Emergency Shelter Program from 25 motel rooms per night to 33 motel rooms per night (8 additional rooms per night). Grant funding will also provide additional resources for rental assistance, security deposits, landlord incentives, move-in costs, and other supports to decrease street homelessness, increase shelter placements and increase permanent housing placements.
- Through collaboration with the City, motel room placements may exceed 33 rooms per

night so long as City Net manages the program within program budgets.

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:

Costs for the Second Amendment to the Corona/Norco MOU and Second Amendment to the City Net Agreement included in the FY 2024 proposed Homeless Programs budget were based on estimates. Based on approval of the proposed amendments by the City Council, additional funding of \$1,347,027 will be appropriated to the Homeless Programs operating budget in the General Fund 110. General Fund 110 revenue estimates will be increased by the same amount in FY 2024 as outlined below:

1. For the 10% administrative fees to be paid from the City of Norco to the City of Corona, increase revenue estimates to a maximum amount of up to \$112,253 in the General Fund 110 in the Fiscal Year 2024 budget to supplement the \$59,193 that was originally budgeted for Fiscal Year 2024 plus \$51,307 that was appropriated in FY 2023 bringing the Second Amendment to the MOU revenue total to \$222,753.
2. For funding allocated from the City of Norco for the City Net Norco Scope of Services, increase appropriations by \$1,234,774 to supplement the FY 2024 \$651,133 budget estimate and the FY 2023 \$564,383 appropriation for revised total of \$2,450,290.

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 contract amendments for the Memorandum of Understanding with the City of Norco to continue collaborative homeless services and the City Net agreement to provide homeless services in the City of Corona and the City of Norco. 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: JACOB ELLIS, CITY MANAGER

Attachments:

1. Exhibit 1 - FY 2023 Corona/Norco MOU for Collaborative Homeless Programs
2. Exhibit 2 - First Amendment to Corona/Norco MOU for Collaborative Homeless Programs
3. Exhibit 3 - FY 2023 City Net Collaborative Homeless Services Agreement

4. Exhibit 4 - First Amendment to City Net Homeless Services Agreement
5. Exhibit 5 - Norco Santa Ana River Bottom County Funding Agreement
6. Exhibit 6 - Norco Santa Ana River Bottom County Budget Modification
7. Exhibit 7 - Corona Santa Ana River Bottom County Funding Agreement
8. Exhibit 8 - Corona Santa Ana River Bottom County Budget Modification