



Staff Report

File #: 23-0473

REQUEST FOR CITY COUNCIL ACTION

DATE: 06/21/2023

TO: Honorable Mayor and City Council Members

FROM: City Manager's Office

SUBJECT:
APPROVAL OF HOMELESS SERVICES AMENDMENTS AND AGREEMENTS

EXECUTIVE SUMMARY:

This staff report asks the City Council to approve First Amendment to the Mercy House Living Centers and City Net Agreements, approve First Amendment to the Corona-Norco MOU and approve Encampment Resolution Funding Agreement with the County of Riverside.

RECOMMENDED ACTION:

That the City Council:

- a. Approve the First Amendment to the Fiscal Year 2023 Corona-Norco Memorandum of Understanding (MOU) to extend the agreement term to July 1, 2022 through June 30, 2024.
- b. Authorize the City Manager, or his designee, to approve non-substantive amendments, including term extensions, line-item adjustments and hourly compensation rate increases within the approved budget for Fiscal Year 2023 Funding.
- c. Approve the First Amendment to the Fiscal Year 2023 Agreement with Kingdom Causes, Inc. DBA City Net, a California Domestic Nonprofit Corporation (City Net) to extend the agreement term to July 1, 2022 through June 30, 2024.
- d. Authorize the City Manager, or his designee, to approve non-substantive amendments, including term extensions, line-item adjustments and hourly compensation rate increases within the approved budget of Fiscal Year 2023.

- e. Approve the First Amendment to the Fiscal Year 2023 Agreement with Mercy House Living Centers, a California Domestic Nonprofit Corporation (Mercy House) to reduce the maximum obligation to \$3,770,288 and extend the agreement term to December 7, 2022 to June 30, 2024.
- f. Authorize the City Manager, or his designee, to approve non-substantive amendments, including term extensions and line-item adjustments within the approved budget of Fiscal Year 2023 and issue a change order reducing the Purchase Order by \$218,202, from \$3,988,490 to \$3,770,288.
- g. Approve the Agreement with the County of Riverside Housing and Workforce Solutions Department (HWS) for Encampment Resolution Funding (ERF) for a maximum obligation of \$1,071,434 for a term of February 1, 2023 through September 30, 2025.
- h. Authorize the City Manager, or his designee, to approve non-substantive amendments, including term extensions and line-item adjustments within approved budget for the multi-year agreement.

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;
- Goals and strategies that guide the development of the City's Homeless System of Services.

City of Corona/City of Norco MOU

In support of Homeless Strategic Plan Goal 5 (Develop and Participate in Sub-Regional Collaboratives with Neighboring Cities), on April 7, 2021, the City Council approved a Memorandum of Understanding (MOU) between the City of Corona and the City of Norco for Collaborative Homeless Services. Due to the success of this joint-city partnership, the MOU has been renewed each fiscal year. Benefits of this partnership include:

- Corona's existing contract with City Net can be 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 census 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; and
- This partnership results in the achievement of Goal 5 in the City's Homeless Strategic Plan.

City Net Agreement

The City Net contract supports multiple Homeless Strategic Plan goals including Emergency Shelter Goal 2 as the Motel Program supports the City's emergency shelter system, Outreach and Engagement Goal 4 since the City Net Case Managers regularly partner with the Corona PD Homeless Outreach & Psychological and Evaluation (HOPE) Team to conduct outreach and engagement to homeless living in Corona. When the City Council renewed the City Net FY 2023 Agreement on June 15, 2022, the scope of services included Outreach, Case Management, Motel Shelter, and the Make It Cozy Warehouse Program.

Mercy House Agreement

On December 7, 2022, the City Council approved the Mercy House Homeless System of Services Agreement. The Mercy House Agreement supports multiple Homeless Strategic Plan Goals including use of a systems-oriented approach for Goal 1, low-barrier emergency shelter/navigation center for Goal 2, Permanent Supportive and Affordable Housing for Goal 3, and Homeless Prevention for Goal 8. On May 17, 2023, the City Council officially named the newly renovated shelter/navigation center the Harrison HOPE Center and on May 31, 2023, a Grand Opening Ribbon Cutting Celebration was conducted. The Harrison HOPE Center will start providing services to clients during the last two weeks of June 2023.

County of Riverside Encampment Response Funding Grant

In support of Homeless Strategic Plan Goal 5 which is to develop sub-regional collaboratives with neighboring cities, in April 2021, the City of Corona worked in collaboration with Supervisor Spiegel, County Agencies, nonprofit partners, US Army Corps of Engineers, and the cities of Eastvale, Jurupa Valley, Norco, and Riverside to establish the Santa Ana Riverbed Encampment Response Collaborative. In December of 2021, the County agreed to act as the lead fiscal agent and apply for a State Encampment Response Funding (ERF) Grant. The City of Corona submitted a scope of work and budget to the County in the amount of \$1,071,434 which was included in the County's consolidated grant application totaling \$10,997,002. In March of 2022, the County was notified that it was not funded in Round 1 for the ERF allocation; however, in the later part of 2022, the State funded the Riverside County application in Round 2.

Riverside County received the 2nd highest allocation in the State. On November 8, 2022, the Riverside County Board of Supervisors approved the State Standard Agreement for the ERF Grant along with funding allocations for the City of Corona, City of Norco, City of Jurupa Valley, City of Riverside, County Animal Services, County Housing Authority, County Housing and Workforce Services, and the

County's Behavioral Health Department.

On May 3, 2023, City Council approved the Fiscal Year 2023 Quarter 3 Budgetary Adjustments which included accepting and appropriating \$1,071,434 in revenue estimates for the ERF Grant.

ANALYSIS:

City of Corona/City of Norco MOU

Homeless Solutions is working with the City of Norco to finalize the FY 2024 scope of work and budget for City Net. Norco's homeless programs will be expanded due to a \$1,071,434 ERF grant that Norco also received, \$400,000 in the City's Housing Funds, as well as an \$800,000 Federal Substance Abuse and Mental Health Administration (SAMHSA) grant that is pending approval from the US Department of Health and Human Services.

The \$800,000 grant was already approved as a Congressional Award through Congressman Calvert; however, the final program approval is pending from SAMHSA. The Corona City Council approved the FY 2023 Corona-Norco MOU on June 15, 2022 for a total amount of \$615,690 which included \$564,383 for the City Net Norco scope of services and \$51,307 for the City of Corona administrative fee. The Norco City Council subsequently approved this MOU on July 6, 2022.

An analysis of the funds spent through April 2023 indicates that there are sufficient funds to support the program through August 2023. At that time, Homeless Solutions will return to City Council with the FY 2024 Corona-Norco MOU which will include the budget and scope of work for the aforementioned funding sources. Due to the complexity and timing of the multiple funding sources that will support the Norco Program for FY 2024 and since there are sufficient FY 2023 funds to support the program until staff can return to City Council with the FY 2024 MOU, staff recommends that the FY 2023 MOU be extended through June 30, 2024.

City Net Agreement Amendment

The FY 2023 City Net Agreement was approved by the Corona City Council on June 15, 2022. The agreement included a \$1,650,194 allocation for the City of Corona and a \$564,383 allocation for the City of Norco for a maximum total of \$2,214,577.

An analysis of the funds spent through April 2023 indicates that there are sufficient funds to support the program through August 2023. At that time, Homeless Solutions will return to City Council with the FY 2024 Agreement which will include the budget and scope of work for both the City of Corona and the City of Norco. Due to the complexity and timing of the multiple funding sources that will support the City Net agreement for FY 2024 and since there are sufficient FY 2023 funds to support the program until staff can return to City Council with the FY 2024 Agreement, staff recommends that the FY 2023 Agreement be extended through June 30, 2024.

Mercy House Agreement Amendment

The Mercy House Agreement was approved by City Council on December 7, 2022 for a total of \$3,988,490 to fund a complete system of services including the Harrison HOPE Center, 5th Street Permanent Supportive Housing Units, Tenant-Based Rental Assistance Program, Pilot Transportation/Meal Services Program, and Post Hospital Recuperative Care. During the months of December through April, renovation work was still underway at the Harrison HOPE Center.

Concurrently, Mercy House hired staff and vendors and purchased necessary furniture, fixtures, and equipment for the program components in the system. The agreement included a 10% contingency of \$218,202 to address unforeseen issues in the development of the complete System of Services.

Mercy House has confirmed the 10% contingency is not needed; therefore, the First Amendment reduces the maximum obligation of the agreement from \$3,988,490 to \$3,770,288. The FY 2023 agreement includes multiple funding sources, including 3 years' worth of Federal HOME funds, 2 years' worth of State PLHA funds, and general funds.

An analysis of the funds spent through February 2023 indicates that there are sufficient funds to support the Mercy House programs until staff can return to City Council with the FY 2024 Agreement in August 2023. Staff recommends that the FY 2023 Agreement be extended through June 30, 2024.

Path of Life Shelter and Make-It-Cozy Program Transitions

Homeless Solutions has collaborated with the Corona PD HOPE Team and City Net to conduct an analysis of the Path of Life bed utilization. After assessing trends in bed utilization, the team believes that the Harrison HOPE Center and Motel Shelter Program will provide sufficient beds to support anti-camping enforcement and to support the needs of unsheltered homeless in the City. As a result, staff does not recommend that the agreement with Path of Life be extended. The current Path of Life agreement will expire on June 30, 2023. The Harrison HOPE Center will be operational before the Path of Life agreement expires.

The Make-It-Cozy (MIC) Program continues to provide excellent support to the City's Homeless System of Services. The MIC Program was operating under the umbrella of City Net and the warehouse was located in the old PD Building. After City Council made a strategic decision to repurpose the old PD Building, Homeless Solutions met with City Net and Mercy House to develop a plan of action. As a result, the MIC Program has transitioned under the umbrella of Mercy House. This plan of action worked well since Mercy House needed additional office and warehouse space to accommodate the staffing and supply needs of the five programs in the system of services. Accordingly, Mercy House now has an office with warehouse space within close proximity of the Harrison HOPE Center. The new warehouse space is larger and more functional to support the needs of the MIC Program. The decision to transfer the program from City Net to Mercy House was a collaborative team effort.

County of Riverside Encampment Resolution Funding Agreement

The \$1,071,434 Encampment Resolution Funding (ERF) Contract is a multi-year agreement that will support expansion of the City's Homeless System of Services by providing two additional, full-time City Net case managers five days per week and expand the motel shelter program by eight additional rooms per night, as well as provide rapid rehousing rental assistance, along with landlord incentives, security deposits, and other services that are designed to support our "whatever it takes" approach to move chronically homeless clients out of the Santa Ana Riverbed and into services, shelter, and ultimately permanent housing.

The ERF grant also has a budget line item of \$150,000 for encampment clean-up. Encampment clean-up efforts will be coordinated through the City's Community Services Department. The term of the

ERF agreement is from February 1, 2023 through September 30, 2025. The retroactive nature of the agreement will give the City the opportunity to maximize the City's funds by applying eligible Santa Ana Riverbed costs incurred in the City Net contract during this time period. This may include City Net staff time associated with outreach and engagement, motel shelter costs, or other services specifically related to services provided to homeless clients that were living in the Santa Ana Riverbed.

Homeless Solutions will return to City Council for approval of a Corona-Norco MOU and City Net agreement that will have a detailed budget and scope of work that is specific to the ERF grant and the City's Santa Ana Riverbed project area.

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:

Recommended Actions a, b, c, d, f, g, and h:

The budget for the recommended action items is already included in the FY 2024 Proposed Budget. Approval of these items does not have an additional financial impact.

Recommended action e will result in a reduction of the current encumbered purchase order with Mercy House, in the amount of \$218,202.

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 or 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 renewal agreements for homeless services, shelter, and housing. Approval of these agreements 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 Funds Corona/Norco MOU Amendment
2. Exhibit 2 - FY 2023 Funds City Net Amendment
3. Exhibit 3 - FY 2023 Funds Mercy House Amendment
4. Exhibit 4 - FY 2023 Funds Mercy House Amendment Redline
5. Exhibit 5 - County of Riverside Encampment Resolution Funding Agreement