



# CITY OF COSTA MESA

77 Fair Drive  
Costa Mesa, CA 92626

## Agenda Report

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**File #:** 25-603

**Meeting Date:** 12/2/2025

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**TITLE:**

AMENDMENT TO MEMORANDUM OF UNDERSTANDING WITH THE CITY OF NEWPORT BEACH  
FOR USE OF BEDS AT THE COSTA MESA BRIDGE SHELTER

**DEPARTMENT:** CITY MANAGER

**PRESENTED BY:** NATE ROBBINS, NEIGHBORHOOD IMPROVEMENT MANAGER

**CONTACT INFORMATION:** NATE ROBBINS, 714-754-5274

**RECOMMENDATION:**

Approve Amendment No. 2 (**Attachment 1**) to the Memorandum of Understanding with the City of Newport Beach, reducing their allocation of beds at the Costa Mesa Bridge Shelter from twenty-five (25) to twenty (20) and adjusting their associated costs, accordingly.

**BACKGROUND:**

On December 15, 2020, the City of Costa Mesa (City) entered into a Memorandum of Understanding (MOU) with the City of Newport Beach for the provision of emergency shelter beds at the Costa Mesa Bridge Shelter (Shelter) located at 3175 Airway Ave, Costa Mesa. The MOU provided Newport Beach with exclusive rights to twenty (20) beds for use by its residents. In exchange for the exclusive use of these beds, Newport Beach agreed to pay the City \$50,000 per bed, for an annual cost of \$1,000,000.

On July 1, 2023, the City executed Amendment No. 1 to the MOU, increasing Newport Beach's allocation of beds from twenty (20) to twenty-five (25). The cost of the original twenty (20) beds remained at \$50,000 each; however, the cost of the five (5) additional beds increased to \$55,000 each, or \$275,000 annually. Combined, Newport Beach's annual cost for use of up to twenty-five (25) beds was \$1,275,000. Further, Amendment No. 1 afforded Newport Beach the right to use up to five (5) additional beds, as available, for a cost of \$155 per bed, per day.

Both the MOU and Amendment No.1 included provisions for annual cost increases based on the percentage increase in the Consumer Price Index (CPI) for the preceding twelve-month period. Currently, based on these CPI adjustments, Newport Beach's total annual cost for use of up to twenty-five (25) beds is \$1,359,219, which is \$54,369 per bed, per year, or \$148.96 per bed, per day.

The City of Newport Beach desires to reduce its allocation of beds from twenty-five (25) to twenty (20), while maintaining its ability to utilize up to five (5) additional beds, as available. Newport Beach's bed utilization has been trending down over the past 12 months, with its average occupancy over the past 60 days at 15-17 beds.

**ANALYSIS:****Bridge Shelter Operational Expenses**

The City of Costa Mesa conducted an analysis to determine the City's total annual cost to operate the Bridge Shelter. The "Cost Per Bed Analysis" (**Attachment 2**) concluded that the Shelter's total annual operating cost is \$5,056,975, which is \$59,494 per bed, per year, and \$163 per bed, per day. The annual cost per bed is calculated by dividing the total annual cost by eighty-five (85) beds, rather than the Shelter's maximum capacity of one hundred (100) beds, as the Orange County Health Care Agency (OCHCA) reimburses the City for 100% of the operational costs to provide fifteen (15) behavioral health beds through the Behavioral Health Bridge Housing Program. The cost per bed, per day is calculated by dividing the annual cost per bed of \$59,494 by 365 days.

**Impact of Newport Beach's Reduction in Beds**

With respect to the updated figures outlined in the *Cost Per Bed Analysis*, reducing Newport Beach's bed allocation from twenty-five (25) to twenty (20) will decrease their total Fiscal Year 2025-26 cost from \$1,359,219 to \$1,200,182, a reduction of \$159,037. However, the cost to utilize up to five (5) additional beds, as available, will increase from \$148.96 per bed, per day to \$163 per bed, per day.

**Term of the MOU**

Amendment No. 2 will bifurcate the term of the MOU into two (2) parts: the Initial Term and the Secondary Term. The Initial Term will commence upon execution of Amendment No. 2 and expire on June 30, 2026. The Initial Term provides Newport Beach exclusive use of up to twenty (20) beds at the Bridge Shelter at an annual cost of \$59,494 per bed, as well as use of up to five (5) additional beds, as available, at a cost of \$163 per bed, per day.

The Secondary Term will begin on July 1, 2026, and expire on December 31, 2026. Upon commencement of the Secondary Term, Newport Beach will no longer have exclusive access to beds at the Bridge Shelter but will have continued access to Shelter beds, as available, at a cost per day to be determined. In 2026, the City will begin new contracts with a Kitchen Operator and Shelter Operator, which may result in a per diem increase.

Upon expiration of the Secondary Term, Newport Beach will no longer have access to beds at the Bridge Shelter. Prior to termination of the MOU, City staff will make every effort to relocate Newport Beach clients to alternative housing options. Clients unable to be relocated, if any, will be transported back to Newport Beach.

**ALTERNATIVES:**

The current MOU with Newport Beach expires on December 16, 2025. The City Council can deny the recommendation, allow the MOU to expire, and direct staff to coordinate with Newport Beach to immediately relocate their residents currently residing in the Shelter.

Alternatively, the Council can direct staff to update Amendment No. 2 to allow Newport Beach exclusive access to Shelter beds beyond the expiration of the Initial Term on June 30, 2026.

**FISCAL REVIEW:**

The Fiscal Year 2025-26 impact for reducing Newport Beach's bed allocation from twenty-five (25) to twenty (20) will decrease their total annual cost from \$1,359,219 to \$1,200,182, a net decrease of \$159,037 to the Housing Authority Fund (Fund 222).

**LEGAL REVIEW:**

The City Attorney has approved Amendment No. 2 as to form.

**CITY COUNCIL GOALS AND PRIORITIES:**

Diversify, stabilize and increase housing to reflect community needs.

Strengthen the public's safety and improve the quality of life.

**CONCLUSION:**

Staff recommends the City Council approve Amendment No. 2 to the Memorandum of Understanding with the City of Newport Beach, reducing their allocation of beds at the Costa Mesa Bridge Shelter from twenty-five (25) to twenty (20) and adjusting their associated costs, accordingly.