



CITY OF COSTA MESA

Agenda Report

77 Fair Drive
Costa Mesa, CA 92626

File #: 26-331

Meeting Date: 7/21/2026

TITLE:

MEMORANDUM OF UNDERSTANDING WITH THE CITY OF IRVINE FOR USE OF BEDS AT THE COSTA MESA BRIDGE SHELTER

DEPARTMENT: CITY MANAGER'S OFFICE

PRESENTED BY: NATE ROBBINS, NEIGHBORHOOD IMPROVEMENT MANAGER

CONTACT INFORMATION: NATE ROBBINS, 714-754-5274

RECOMMENDATION:

Staff recommends the City Council:

1. Approve the Memorandum of Understanding with the City of Irvine for access to beds, as available, at the Costa Mesa Bridge Shelter for a period of one year from August 1, 2026 to July 31, 2027.
2. Authorize the City Manager and City Clerk to execute all agreements and any amendments to the agreement as needed.

BACKGROUND:

In April 2021, the City of Costa Mesa ("City") opened the Costa Mesa Bridge Shelter ("Bridge Shelter" or "Shelter"), which provides emergency housing and supportive services to Costa Mesa residents experiencing homelessness. At that time, the City negotiated an agreement with the City of Newport Beach ("Newport Beach MOU") to secure exclusive rights of up to twenty (20) beds for use by its residents. The Newport Beach MOU was amended in 2023 to increase Newport Beach's allocation to twenty-five (25) beds. Recently, in December 2025, the Newport Beach MOU was amended a second time to reduce Newport Beach's allocation back down to twenty (20) beds through June 30, 2026. Further, the amendment terminates Newport Beach's exclusive access to beds at the Shelter as of July 1, 2026, but continues to provide access to beds, as available, through December 31, 2026. Beginning January 1, 2027, Newport Beach will no longer have access to beds at the Bridge Shelter.

In March 2026, the City Council approved a Memorandum of Understanding (MOU) with the City of Irvine for access to beds at the Bridge Shelter. Irvine began referring their residents to the Shelter in March 2026 and, since that time, have referred a total of 10 people (345 bed nights). The current MOU with Irvine terminates on July 31, 2026.

ANALYSIS:

The Bridge Shelter is a 100-bed facility that provides emergency shelter and associated services to adult individuals with strong community ties to Costa Mesa, Newport Beach, and Irvine. Further, the City was awarded grant funding by the Orange County Health Care Agency (OCHCA) to convert 15 of the 80 Costa Mesa beds to Behavioral Health Bridge Housing (BHBH) beds. Operations costs for these 15 BHBH beds are fully reimbursed by the OCHCA and thus can only be occupied by Costa Mesa residents.

Costa Mesa Bed Utilization

The City has exclusive access to 80 beds at the Shelter, with 15 of those beds occupied by BHBH clients. Over the past 60 days, Costa Mesa's average utilization has been 52 beds per day, resulting in an average vacancy rate of 28 beds per day.

Regarding operational costs, the kitchen operator agreement with Bracken's Kitchen allows for cost reduction based on the number of actual meals prepared; however, the Shelter operator agreement with Mercy House does not. As a result, regardless of the number of beds occupied by Costa Mesa residents, the City's expenses to operate the Shelter remain static. Therefore, it would be beneficial to the City's Shelter operating budget in the Housing Authority Fund (Fund 222) to ensure maximum occupancy of 80 beds to offset operational expenses.

Summary of the proposed MOU with the City of Irvine

The proposed MOU (Attachment 1) is nearly identical to the current MOU, with exception to a recital that was added to memorialize the execution of the current MOU, and the effective and termination dates. The following is a summary of the proposed MOU with Irvine:

- **Term** - The MOU would begin on August 1, 2026, and terminate on July 31, 2027.
- **Allocation of Beds** - The MOU would give Irvine access to Costa Mesa beds (Per Diem Beds), as available, and as determined by the Neighborhood Improvement Manager or their designee. Irvine would not have *exclusive* access to beds at the Shelter.
- **Cost** - The MOU would give Irvine access to Costa Mesa beds at a cost of \$163.00 per bed, per day.
- **Payment** - The MOU would require Irvine to make monthly payments to the City based on their actual use of Costa Mesa beds during the previous month.
- **Referrals** - The MOU would require Irvine to identify specific personnel authorized to make referrals to the Shelter. These personnel would be responsible for screening referrals prior to entry based upon the Shelter's established intake guidelines (i.e., no outstanding warrants, no arson convictions, and no sexual offenders).
- **Transportation** - The MOU would require Irvine to transport their residents to the Shelter upon initial intake; however, the City would be responsible for providing transportation to residents actively enrolled at the Shelter.

- **Exit Procedures** - The MOU would require Irvine residents to be transported back to the city of Irvine upon exit from the Shelter. Transportation may be provided by the Shelter's shuttle service, rideshare, or Irvine staff/service partners.

Intent of the MOU

The intent of the MOU is three-fold:

1. Ensure Costa Mesa beds are continuously occupied to assist in balancing the Shelter's budget.
2. Allow both cities time to continue to perfect referral and operational processes.
3. Provide Irvine time to collect data regarding their Shelter bed usage to justify the necessity for a multi-year agreement with the City for exclusive access to beds at the Bridge Shelter.

Potential Revenue

Per Diem Beds at the Bridge Shelter are calculated at \$163 per day. Staff estimates Irvine's bed usage through June 2026 will be approximately 365 bed nights equating to a total payment of roughly \$59,500 over a three-month period. The proposed MOU is estimated to bring in approximately \$238,000 in revenue over the next 12 months. However, it is Irvine's intent to execute a multi-year contract for access to exclusive beds prior to termination of the proposed MOU.

ALTERNATIVES:

The City Council can choose to disapprove the proposed MOU with Irvine and direct staff to bring back an updated MOU with alternative language.

The City Council can choose to deny the proposed MOU and direct staff to initiate discussions with other potential partners regarding use of beds at the Shelter.

FISCAL REVIEW:

The proposed MOU would provide a continuous revenue stream to help offset operational expenses at the Bridge Shelter. This agreement is estimated to have a net positive impact of \$238,000 for use of beds at the Bridge Shelter for Fiscal Year 2026-27 in the Housing Authority Fund (Fund 222).

LEGAL REVIEW:

The City Attorney has reviewed this report and the proposed MOU and approves them both as to form.

CITY COUNCIL GOALS AND PRIORITIES:

This item achieves City Council Goals:

- 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:

1. Approve the Memorandum of Understanding with the City of Irvine for access to beds, as available, at the Costa Mesa Bridge Shelter for a period of one year from August 1, 2026 to July 31, 2027.
2. Authorize the City Manager and City Clerk to execute all agreements and any amendments to the agreement as needed.