



CITY OF COSTA MESA

Agenda Report

77 Fair Drive
Costa Mesa, CA 92626

File #: 23-1202

Meeting Date: 6/20/2023

TITLE:

COSTA MESA BRIDGE SHELTER CAPACITY PROJECT

DEPARTMENT: CITY MANAGER'S DEPARTMENT

PRESENTED BY: NATE ROBBINS, NEIGHBORHOOD IMPROVEMENT MANAGER

CONTACT INFORMATION: LORI KARAGUEZIAN, SENIOR MANAGEMENT ANALYST, 714-754-5347

RECOMMENDATION:

Staff recommends the City Council:

1. Approve Amendment No. One to the Memorandum of Understanding with the City of Newport Beach to increase their annual payment by \$275,000 for an updated annual contribution of \$1,275,000 and a one-time payment of \$50,000 to cover capital costs; and appropriate said funds to the Housing Authority Budget.
2. Approve proposed Amendment No. One to the Subrecipient Agreement with Bracken's Kitchen increasing the compensation by \$73,000 for a new annual not-to-exceed amount of \$400,600.
3. Approve Amendment No. One to the Subrecipient Agreement with Mercy House increasing the compensation by \$185,286 for a new annual not-to-exceed amount of \$2,185,286.
4. Authorize the City Manager and City Clerk to execute all agreements and any amendments to the agreements.

BACKGROUND:

In April 2021, the City of Costa Mesa opened the 72-bed Bridge Shelter at 3175 Airway Avenue. The Shelter provides temporary housing coupled with wrap-around services to support clients on their journey to securing permanent housing. Three (3) of the Shelter's 72 beds are separate from the dorms and allocated for emergency use (i.e., less than 24 hours) in extenuating situations.

In November 2020, the City of Costa Mesa and Newport Beach entered into a Memorandum of Understanding (MOU) to share the costs of developing and operating the Shelter. Consequently, 20 of the Shelter's 72 beds are set aside for occupancy by Newport Beach clients, for which they pay \$50,000 per bed or \$1,000,000 annually.

The remaining 49 beds are allocated for exclusive use by Costa Mesa clients, plus the 3 floating beds for emergency use, as needed (e.g. detox, domestic violence risk, etc.).

Mercy House, a local non-profit, runs the day-to-day Shelter operations, which include client intake and exit, case management, janitorial services, 24-hour security and transportation services for up to 72 guests. The Shelter Operator contract with Mercy House is currently funded at \$2,000,000 per year. In addition to the contract with Mercy House, the City of Costa Mesa spends \$1.2 million for street outreach and other supportive services for both shelter clients and unhoused individuals unable and/or unwilling to enter the shelter to ensure the strongest transition to permanent housing. Since inception, the City's homelessness efforts have resulted in 286 individuals transitioning to permanent housing from both the shelter and the City's outreach efforts.

Bracken's Kitchen, another local non-profit operates the Shelter's commercial kitchen, which includes the preparation and service of three meals per day for up to 72 guests. The Kitchen Operator contract with Bracken's Kitchen is currently funded at \$327,600 per year.

Over the past 12 months, the Shelter has been at or near maximum capacity with an average waiting list of approximately 30 individuals expressing interest in entering the Shelter upon availability of beds. As a result, both Newport Beach and Costa Mesa propose adding additional beds to increase Shelter capacity and expand service delivery for those experiencing unsheltered homelessness.

ANALYSIS:

The Bridge Shelter Capacity Project proposes adding 16 beds to increase total capacity from 69 to 85 beds. Of the 16 additional beds, five (5) are allocated for use by Newport Beach, and eleven (11) are allocated for use by Costa Mesa with five (5) of those being available for use by Newport Beach for an additional cost when not occupied by Costa Mesa clients. Increasing capacity at the Shelter requires amendments to three (3) agreements:

Newport Beach MOU

The current MOU guarantees Newport Beach access to 20 of the Shelter's 69 beds at a cost of \$50,000 per bed or \$1,000,000 annually. The proposed Amendment No. One adds five (5) beds for use by Newport Beach clients at an additional cost of \$55,000 per bed or \$275,000 annually, including the cost of daily meals for Newport clients. Upon approval, Newport Beach will have guaranteed access to 25 beds at a total annual cost of \$1,275,000.

Further, up to five (5) of the additional eleven (11) Costa Mesa beds can be available for use by Newport Beach clients if and when they are not occupied by Costa Mesa clients, for an additional cost basis billed at a rate of \$155 per bed, per day.

Lastly, the proposed Amendment No. One requires Newport Beach to make a total one-time payment of \$50,000 to cover capital costs associated with increasing Shelter capacity (i.e., beds, lockers, storage, etc.). Newport Beach staff plan to take a recommendation to their City Council on June 13, 2023 to approve Amendment No. One to the MOU.

Mercy House - Shelter Operator Agreement

On July 1, 2021, the City entered into an agreement with Mercy House to provide shelter operator services at the Bridge Shelter for up to 72 guests at an annual cost of \$2,000,000.

Mercy House has agreed to a new annual not-to-exceed amount of \$2,185,286 to hire two (2) new staff members and increase hours for the on-site Navigation Supervisor to accommodate the additional capacity.

Bracken's Kitchen - Kitchen Operator Agreement

On April 19, 2022, the City entered into an agreement with Bracken's Kitchen to operate the Shelter's commercial kitchen for up to 72 guests at an annual cost of \$327,600 or \$12.50 per person, per day.

Bracken's Kitchen has submitted an updated proposal to operate the Shelter's kitchen for up to 88 guests at an annual cost of \$400,600, which is still \$12.50 per person, per day. While the updated not-to-exceed contract amount will be increased to \$400,600, Bracken's Kitchen only invoices the City for actual meals served, so the total amount expended can be less.

Lastly, increasing capacity at the Shelter is essential as evidenced by a continuous lack of vacancy and a substantial list of unsheltered individuals waiting to secure a bed. To ensure the success of the shelter operator and clients shelter expansion is being approached incrementally. At a future date, staff will return with additional analysis about expanding the shelter further to reach a total of 100 beds.

Approval of amendments to the agreements with Newport Beach, Mercy House, and Bracken's Kitchen will initiate the addition of 16 beds, increasing the Shelter's capacity from 69 to 85 beds.

ALTERNATIVES:

The City Council can opt to deny approval of the amendments and maintain the Shelter's current capacity of 69 beds.

FISCAL REVIEW:

There is no impact to the General Fund. Operating costs for the Bridge Shelter are funded through the Housing Authority Fund. The increased costs associated with adding bed capacity at the Bridge Shelter are offset by Newport Beach's contribution and grant funds available in the Housing Authority's Budget (e.g. SB 2 funds).

LEGAL REVIEW:

The City Attorney's office has reviewed this report and approved it as to form and has approved the proposed amendments to the relevant agreements.

CITY COUNCIL GOALS AND PRIORITIES:

This item supports the following City Council Goal:

- 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:

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3. Approve Amendment No. One to the Subrecipient Agreement with Mercy House increasing the compensation by \$185,286 for a new annual not-to-exceed amount of \$2,185,286.
4. Authorize the City Manager and City Clerk to execute all agreements and any amendments to the agreements within the authorized parameters.