

**AMENDMENT NO. TWO TO  
MEMORANDUM OF UNDERSTANDING  
BETWEEN THE CITY OF COSTA MESA AND  
THE CITY OF NEWPORT BEACH**

This AMENDMENT NO. TWO TO **MEMORANDUM OF UNDERSTANDING** (“Amendment No. Two”) is dated as of December 2, 2025 (“Effect Date of Amendment No. Two”), and entered into by and among the City of Costa Mesa, a municipal corporation organized and existing under California law (“Costa Mesa”) and the City of Newport Beach, which is a California charter city (“Newport Beach”), (cumulatively the “Parties,” and at times individually a “Party”), with reference to and in consideration of the following:

**RECITALS**

- A. On December 15, 2020, Newport Beach and Costa Mesa entered into a Memorandum of Understanding (“Agreement”) for the provision of temporary housing, and the provision of certain services to individuals experiencing homelessness located within the boundaries of the Parties at the property located at 3175 Airway Avenue, in the City of Costa Mesa (“Property”);
- B. On July 1, 2023, Newport Beach and Costa Mesa executed Amendment No. One, amending certain aspects of the Agreement;
- C. Newport Beach is currently allocated twenty-five (25) beds and Costa Mesa is allocated seventy-five (75) beds for use by individuals experiencing homelessness in Newport Beach and Costa Mesa, respectively;
- D. Newport Beach intends to reduce their number of allocated beds from twenty-five (25) to twenty (20), with up to five (5) of Costa Mesa’s allocated beds optionally available for use by Newport Beach as provided for herein;
- E. The Parties desire to enter into this Amendment No. Two to decrease Newport Beach’s allocation from twenty-five (25) to twenty (20) beds, memorialize availability and cost of up to five (5) Costa Mesa beds for use by Newport Beach and, accordingly, adjust Newport Beach Operations Payment to cover the associated costs.

**AGREEMENT**

Section 3.1 of the Agreement shall be amended in its entirety and replaced with the following:

**“3.1 Initial Term and Secondary Term.** This amendment will have two (2) terms. The Initial Term will be effective upon execution of Amendment No. 2 and expire

on June 30, 2026. The Secondary Term will begin on July 1, 2026, and shall expire on December 31, 2026. There shall be no extensions of this MOU.”

Section 4.3 of the Agreement shall be amended in its entirety and replaced with the following:

**“4.3 Newport Beach Annual Contribution for Operational Costs.** Upon execution of this Amendment No. 2, Newport Beach shall be obligated to pay a monthly operational cost of Ninety-Nine Thousand One Hundred Fifty-Six Dollars and Sixty-Seven Cents (\$99,156.67) (“Newport Beach Operations Payment”), which is specifically to provide for the operational costs of Fifty-Nine Thousand Four Hundred Ninety-Four Dollars (\$59,494.00) per each of the twenty (20) beds of which Newport Beach has use rights as provided herein, for the Initial Term of the Agreement. Further, during the Initial Term, Newport Beach’s cost shall be \$163.00 per bed, per day, for use of each Costa Mesa bed made available to Newport beach as provided for in Section 4.7.

In addition, upon initiation of the Secondary Term, as provided for in Section 4.7 hereof, Newport Beach shall no longer have exclusive access for up to twenty (20) beds at the Bridge Shelter, but it shall have continued access to Costa Mesa beds, as available, and shall pay a cost equal to Costa Mesa’s actual daily per-bed cost (to be determined by Costa Mesa at a later date, subsequent to the execution of updated Shelter and Kitchen Operator Agreements) for the use by Newport Beach referrals. Newport Beach shall be billed monthly for the use of these Costa Mesa beds.”

Section 4.4 (“**CPI Increases**”) is deleted in its entirety since the Agreement ends after one year.

Section 4.7 of the Agreement shall be amended in its entirety and replaced with the following:

**“4.7 Allocation of Beds.** Newport Beach will work collaboratively with Costa Mesa to ensure the Central SPA cities are coordinating with the County and that the shelter beds addressed in this Agreement are prioritized to meet the greatest needs of both Parties. During the Initial Term, Costa Mesa will have exclusive access to eighty (80) beds and Newport Beach will have exclusive access to twenty (20) beds for its referrals. However, at Costa Mesa’s sole discretion, and only after exhausting the Wait List for Costa Mesa interested parties, up to five (5) of Costa Mesa’s beds may be made available to person(s) referred by Newport Beach.

During the Secondary Term, Newport Beach will no longer have exclusive access to beds at the Bridge Shelter. However, Newport Beach will have continued access to Costa Mesa beds, as available, at a daily per-bed cost to be determined later, subsequent to the performance of an updated cost per bed analysis.

The Parties expressly agree that it is the Parties' intent to transition Shelter Residents to long-term stable housing and Newport Beach's consent shall be required to continue to house any person referred by Newport Beach at the shelter for more than six (6) months."

Section 4.8 of the Agreement shall be amended in its entirety and replaced with the following:

**"4.8 No Subletting.** Subletting of Beds will not be allowed. Newport Beach shall be allocated use of twenty (20) beds for Newport Beach to refer homeless individuals deemed by Newport Beach to be highest priority persons referred to the Project by Newport Beach over time."

### **INTEGRATED AGREEMENT**

Except as expressly modified herein, all other provisions, terms, and covenants set forth in the Agreement and Amendment No. One shall remain unchanged and shall be in full force and effect.

**[SIGNATURE PAGE(S) TO FOLLOW]**

**IN WITNESS WHEREOF**, the Parties to the Agreement have caused this Amendment No. Two to be executed by each of their duly authorized officers as follows:

Dated: December \_\_, 2025

CITY OF COSTA MESA

By: \_\_\_\_\_  
Cecilia Gallardo Daly  
City Manager

APPROVED AS TO FORM

\_\_\_\_\_  
Kimberly Hall Barlow  
City Attorney

ATTEST

\_\_\_\_\_  
Brenda Green  
City Clerk

Dated: December \_\_, 2025

CITY OF NEWPORT BEACH

By: \_\_\_\_\_  
Grace Leung  
City Manager

APPROVED AS TO FORM

\_\_\_\_\_  
Aaron C. Harp  
City Attorney

ATTEST

\_\_\_\_\_  
Lena Shumway  
City Clerk