



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: 25-765

November 04, 2025

Introduced: 10/17/2025

Current Status: Agenda Ready

Version: 1

Matter Type: General Agenda Item

- a. Approve and authorize the County Administrative Officer or designee to execute Amendment No. 2 to Agreement A-17197 with Step Up on Second Street, Inc. to add \$132,481 to provide rapid rehousing, transitional, and supportive services to assist with transitioning chronically homeless program participants participating in the former Homekey King City program into permanent supportive housing for a total contract amount of \$1,849,663, with no change to the term of November 1, 2024, to June 30, 2027; and
- b. Approve and authorize the County Administrative Officer or designee, to sign up to an additional three (3) future amendments to this agreement where amendments do not exceed 10% (\$184,966) and do not significantly alter the scope of services as determined by the Director of the Homelessness Strategies and Initiatives Division and subject to approval by County Counsel.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the County Administrative Officer or designee to execute Amendment No. 2 to Agreement A-17197 with Step Up on Second Street, Inc. to add \$132,481 to provide rapid rehousing, transitional, and supportive services to assist with transitioning chronically homeless program participants participating in the former Homekey King City program into permanent supportive housing for a total contract amount of \$1,849,663, with no change to the term of November 1, 2024, to June 30, 2027; and
- b. Approve and authorize the County Administrative Officer or designee, to sign up to an additional three (3) future amendments to this agreement where amendments do not exceed 10% (\$184,966) and do not significantly alter the scope of services as determined by the Director of the Homelessness Strategies and Initiatives Division and subject to approval by County Counsel.

SUMMARY/DISCUSSION:

This Amendment No. 2 to Agreement A-17197 with Step Up on Second Street, Inc. ("Step Up") is to add \$132,481 to provide additional rapid rehousing, transitional, and supportive services to assist with transitioning chronically homeless individuals currently sheltering at the Monarch Inn King City into Casa de Esperanza, a permanent supportive housing program, for a total contract amount of \$1,849,663 with no change to the term of November 1, 2024, to June 30, 2027.

Step Up is a 501(c)(3) non-profit organization and full-service mental health agency that has been serving communities nationwide since 1994, offering both permanent and interim supportive housing services. Step Up is a recognized industry leader in delivering housing navigation and supportive housing services in Monterey County.

Since March 2023, Step Up has provided the individuals formerly residing in an encampment along the Salinas River near King City with transitional and supportive services that are also enrolled in a Permanent Supportive Housing (PSH) project, formerly known as Homekey King City, originally planned for development at the Days Inn motel located at 1130 Broadway Street. In the interim, participants were temporarily housed at the nearby Monarch Inn (60 Broadway Street, King City) while construction of the permanent site was underway.

However, development of the PSH site faced significant delays due to financial challenges with the original Homekey developer, Shangri-La Industries. In response, a coordinated effort among the County of Monterey, Step Up, the City of King, the California Department of Housing and Community Development (HCD), the Housing Authority of the County of Monterey (HACM), and the Central California Alliance for Health (CCAH) secured the project's preservation through various grant funding sources from the County, King City, HCD, CCAH, and the Coalition of Homeless Services Providers. As part of this collaborative solution, HACM was selected as the new developer of the PSH site.

In June 2025, HACM acquired the Days Inn property, and renovations are now underway to convert the motel into *Casa de Esperanza*-a 44-unit studio PSH project expected to be completed by February 2026. Until that time, the Monarch Inn King City continues to serve as an essential interim housing solution, ensuring uninterrupted shelter and supportive services.

This Amendment No. 2 with Step Up ensures continued delivery of critical housing supportive services until all program participants successfully transition to permanent housing at *Casa de Esperanza*.

OTHER AGENCY INVOLVEMENT:

The Office of the County Counsel-Risk Management, and the Office of the Auditor-Controller have approved the Amendment as to form, insurance, and indemnification.

FINANCING:

There will be no impact on the General Fund from approval of this action. If approved, this Amendment will be financed with the Department of Social Services' Homeless, Housing, Assistance, and Prevention grants rounds 3 and 4 (001-5010-8258-SOC004) in the amount of \$132,481. Sufficient appropriations and estimated revenues for SOC004 are included in the Department of Social Services Fiscal Year Adopted Budget 2025-2026.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This initiative supports the County of Monterey's 2025-2026 Strategic Goals and Key Objectives through the sustainability of interim sheltering and services programs for the purpose of transitioning eligible residents into permanent supportive housing.

Mark a check to the related Board of Supervisors Strategic Plan Goals

- ☒ Well-Being and Quality of Life
- ☒ Sustainable Infrastructure for Present and Future
- ☐ Safe Resilient Communities
- ☐ Diverse and Thriving Economy

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Reviewed by: Roxanne Wilson, CAO-HSI Division, ext 5445
Approved by: Deborah Paolinelli, Assistant County Administrative Officer, ext 5309

Attachments:
Amendment No. 2
Amendment No. 1
Original Agreement

Proposed Amendment No. 2 is on file with Clerk of the Board as an attachment to this Board Report.