



County of Monterey

Item No.9

Board Report

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

Legistar File Number: RES 24-071

April 23, 2024

Introduced: 4/11/2024

Current Status: General Government -
Consent

Version: 1

Matter Type: BoS Resolution

- a. Approve and authorize the County Administrative Officer or designee, to execute a non-standard agreement with DignityMoves, a California non-profit corporation, for the development of a 34-unit non-congregate low-barrier housing navigation center in the City of Watsonville, for a total cost of \$5,034,591 upon execution through June 30, 2026; and,
- b. Authorize and direct the Auditor-Controller to issue a one-time payment to DignityMoves in the amount of \$2,000,000 upon execution of the agreement with an invoice to meet grant term expenditure requirements by June 30, 2024; and,
- c. Approve and authorize the County Administrative Officer or designee to execute a non-standard agreement with the Coalition of Homeless Services Providers to identify and contract with a local non-profit to operate a 34-unit non-congregate, low-barrier housing navigation center in the City of Watsonville, for \$2,571,460, with a term of April 23, 2024, through March 31, 2027, as recommended by the County Administrative Officer; and,
- d. Authorize and direct the Auditor-Controller to issue a one-time payment to the Coalition of Homeless Services Providers for the full contract amount of \$2,571,460 upon execution of this agreement with an invoice to meet the grant term expenditure requirements by June 30, 2024; and,
- e. Authorize the County Administrative Officer or designee to sign up to (3) amendments for each of these agreements that do not significantly change the scope of work and subject to approval by County Counsel; and,
- f. Adopt a resolution to authorize and direct the Auditor-Controller to increase appropriations and estimated revenues by \$3,486,354, to amend the Fiscal Year 2023-24 Adopted Budget for the County Administrative Office Intergovernmental and Legislative Affairs (IGLA)-Homeless Services (001-1050-CA0004-8054) financed by grant revenues from the California Interagency Council on Homelessness to develop and operate a non-congregate, low-barrier navigation center in Watsonville, CA (4/5th vote required).

RECOMMENDATION:

- a. Approve and authorize the County Administrative Officer or designee, to execute a non-standard agreement with DignityMoves, a California non-profit corporation, for the development of a 34-unit non-congregate low-barrier housing navigation center in the City of Watsonville, for a total cost of \$5,034,591 upon execution through June 30, 2026; and,
- b. Authorize and direct the Auditor-Controller to issue a one-time payment to DignityMoves in the amount of \$2,000,000 upon execution of the agreement with an invoice to meet grant term expenditure requirements by June 30, 2024; and,
- c. Approve and authorize the County Administrative Officer or designee to execute a non-standard agreement with the Coalition of Homeless Services Providers to identify and contract with a local

non-profit to operate a 34-unit non-congregate, low-barrier housing navigation center in the City of Watsonville, for \$2,571,460, with a term of April 23, 2024, through March 31, 2027, as recommended by the County Administrative Officer; and,

- d. Authorize and direct the Auditor-Controller to issue a one-time payment to the Coalition of Homeless Services Providers for the full contract amount of \$2,571,460 upon execution of this agreement with an invoice to meet the grant term expenditure requirements by June 30, 2024; and,
- e. Authorize the County Administrative Officer or designee to sign up to (3) amendments for each of these agreements that do not significantly change the scope of work and subject to approval by County Counsel; and,
- f. Adopt a resolution to authorize and direct the Auditor-Controller to increase appropriations and estimated revenues by \$3,486,354, to amend the Fiscal Year 2023-24 Adopted Budget for the County Administrative Office Intergovernmental and Legislative Affairs (IGLA)-Homeless Services (001-1050-CAO004-8054) financed by grant revenues from the California Interagency Council on Homelessness to develop and operate a non-congregate, low-barrier navigation center in Watsonville, CA (4/5th vote required).

SUMMARY/DISCUSSION:

The Homeless Services Program of the County Administrative Office (CAOHS) recommends the Board of Supervisors (BOS) approve two (2) agreements funded by an Encampment Resolution Funding (ERF) grant to develop and operate a 34-unit non-congregate, low-barrier housing navigation center housing navigation center in the City of Watsonville, hereinafter referred to as Recurso de Fuerza Village (RdF Village), and to approve the recommendation to adopt a resolution to increase appropriations and estimated revenues for the fiscal year 2023-24 adopted budget for the CAOHS financed by ERF grant revenues from the California Interagency Council on Homelessness (Cal ICH).

In 2023, CAOHS collaborated with the County of Santa Cruz (COSC) on an ERF program proposal to build and operate interim housing to address encampment of unsheltered individuals living along both sides of the Pajaro River within the jurisdictional boundaries the County, COSC, and the City of Watsonville. On February 14, 2023, the BOS approved the CAOHS's application to apply for ERF-2-R. In June 2023, Cal ICH selected the CAOHS's proposal and awarded an ERF-2-R allocation in the amount of \$7,986,354 to develop and operate RdF Village program until June 30, 2026, in partnership with COSC. On August 7, 2023, the State executed an agreement with the County for the ERF-2-R grant program terms and conditions, which contains strict fiscal deadlines to expend 50% and obligate 100% funding by June 30, 2024; while the remaining 50% is to be expended by the grant term ending of June 30, 2026 (Attachment A).

In preparation to meet these deadlines, CAOHS received approval by the BOS on January 9, 2024, to adopt a resolution to authorize the Auditor-Controller to amend the fiscal year 2023-24 adopted budget for the CAOHS to increase appropriations and estimated revenues by \$4,500,000 financed by the ERF award to provide the funding for the site development of RdF Village. However, in March 2024, CAOHS staff learned the RdF Village Site is in a FEMA floodplain zone, which has resulted in an unexpected requirement of raising the Site by 3 feet that has increased the original projected site development costs and caused lengthier procurement timelines. To address, CAOHS staff requested a 6-month extension of the fiscal timelines on March 13, 2024, however, these requests are rarely ever

granted. In the essence of time, CAOHS staff have confirmed that prepayment qualifies as an expenditure with Cal ICH, and therefore, recommends the BOS consider approving the proposed agreements with an additional request to authorize a one-time payment upon execution of the agreements, and the adoption of a resolution appropriating the remaining ERF-2-R grant award to provide the funding required for these agreements. CAOHS requests the BOS to approve the following:

Proposed Agreement with DignityMoves, a California non-profit corporation (DM)

CAOHS staff recommends BOS approve a non-standard agreement between the County and DM, for a total agreement amount not to exceed \$5,034,591. This non-standard agreement will be funded by the ERF-2-R grant and will have a term effective upon April 23, 2024, through June 30, 2026, to develop RdF Village located in Watsonville, California for the public purpose of providing interim housing to individuals experiencing homelessness in the Pajaro River area. To meet the ERF-2-R fiscal deadlines and for the initial hard costs necessary to expedite the FEMA preparation of the Site for construction, CAOHS staff requests the BOS authorize and direct the Auditor-Controller to provide a one-time payment with an invoice in the amount of \$2,000,000 upon execution of the agreement.

DM is an established non-profit development management organization that specializes in addressing unsheltered homelessness using state-of-the-art modular and prefabricated components to build individual non-congregate, low-barrier service shelter (Tiny Home Villages) for interim housing. DM subcontracts with appropriate vendors who produce these non-congregate units, and who also provide architectural, contracting, and engineering services. DM has been funded by similar jurisdictions using grant funding to develop Tiny Home Villages due to the increased demand on homeless services as emphasized by the State's investments and major legislative changes that streamline shelter production including the Cal ICH ERF program.

The proposed agreement with DM (Attachment B) sets forth the responsibility to develop 34 modular sleeping units, wet areas that includes common restrooms and individual shower units, other common areas including ancillary dining, laundry, common areas for outdoor seating, greens & pet space for residents, and office/administration units for staff that will be constructed at Westview Presbyterian Church, 5 Cherry Court, Watsonville, California 95076. The anticipated date for onsite construction is set on or about June 1, 2024, and the date for first occupancy of RdF Village is expected to be in quarter 2 of fiscal year 2024-2025. At the conclusion of the ERF-2-R grant period of June 30, 2026, the CAOHS intends to transfer ownership of the modular units for a nominal fee to COSC.

Proposed Agreement with the Coalition of Homeless Services' Providers (CHSP)

CAOHS staff recommends the BOS approve a non-standard agreement between the County and CHSP, for a total amount not to exceed \$2,571,460, with a term effective upon April 23, 2024, through March 31, 2027, to administer the services contract for RdF Village. CAOHS staff also recommends the BOS authorize and direct the Auditor-Controller to provide a one-time payment to CHSP with an invoice in the amount of \$2,571,460 upon execution of the agreement with CHSP to provide cashflow for CHSP to select and contract with a services provider and to meet the ERF-2-R fiscal deadlines before June 30, 2024.

As the local CoC lead agency and a fiscal agent of Cal ICH, CHSP has extensive experience working with the County to provide a multitude of homeless services and expertise in handling and administering specialized grant funding to outsource vital services in our communities. The proposed agreement (Attachment C) outlines how CHSP shall use the ERF-2-R funding to subcontract the daily operations, housing navigation and other supported services for the participants of the RdF Village program in the amount of \$2,442,887 and will receive \$128,573 (5%) in administrative fees, for a total of \$2,571,460. Any shortfall in funding for services and daily operations of the RdF Village due to the recently learned FEMA floodplain zoning compliance requirements, will be supplemented by non-ERF funding leveraged through CalAIM and other available sources and local grants identified by CAOHS and COSC.

The County Homeless Services Director, Roxanne Wilson has an extended family member employed by CHSP, accordingly Assistant CAO Deborah Paolinelli has been charged with recommending the proposed CHSP agreement to the BOS and will oversee its implementation, if approved.

Resolution for Appropriation of Remaining ERF-2-R Grant

The CAOHS staff recommends the BOS adopt a resolution (Attachment D) to authorize and direct the Auditor-Controller to increase appropriations and estimated revenues by \$3,486,354, to amend the fiscal year 2023-24 adopted budget for the CAO-Homeless Services Program, financed by grant revenues from Cal ICH, to execute agreements to develop and operate a non-congregate, low-barrier navigation center in Watsonville, CA.

The ERF Program was established by the State, under the authority of Chapter 7 of Part 1 of Division 31 of the California Health and Safety Code (sections 50250 et seq.) to increase collaboration between the Cal ICH, local jurisdictions and CoCs to accomplish the following:

- Assist local jurisdictions in ensuring the wellness and safety of people experiencing homelessness in encampments, including their immediate physical and mental wellness and safety needs arising from unsheltered homelessness and their longer-term needs addressed through a path to safe and stable housing.
- Provide encampment resolution grants to local jurisdictions and CoCs to support innovative and replicable efforts to resolve critical encampment concerns and to support individuals to access safe and stable housing, using the Housing First approach.
- Encourage a data-informed, coordinated approach to address unsheltered homelessness at encampments by establishing, through the encampment resolution grants, effective, scalable, and replicable demonstration projects.

On February 14, 2023, the BOS approved the CAOHS proposal for the ERF grant application, in the amount of \$7,986,354 to provide interim housing to individuals experiencing homelessness along the Pajaro River. On June 14, 2023, the County was notified of an ERF award in the amount of \$7,986,354, to provide the funding to establish a non-congregate, low-barrier navigation center program. The County subsequently executed an agreement with the State to use the ERF grant award

for the development of 34 modular units, dining room, outdoor seating area, offices, showers, and restrooms, supportive services, and operations, and 5% administrative costs for the County. ERF-2-R funds were officially received on September 8, 2023.

On January 9, 2024, the BOS adopted a resolution to authorize the Auditor-Controller to amend the fiscal year 2023-24 adopted budget for CAOHS to increase appropriations and estimated revenues by \$4,500,000, financed by the ERF award, for the development costs of RdF Village, located at Westview Presbyterian Church, 5 Cherry Court, Watsonville, California 95076.

On February 27, 2024, the BOS approved an MOU between the County and COSC to establish the roles and responsibilities in a multijurisdictional partnership for the implementation and management oversight of the RdF Village program. Per the MOU, the County will use of the ERF grant award to purchase modular units for RdF Village that will be transferred for a nominal fee to the COSC at the conclusion of the grant period on June 30, 2026. The cost to purchase and construct RdF Village is \$5,034,591 and will be subcontracted via an agreement between the County and DM, upon approval by the BOS. The remaining ERF grant award will provide the funding to contract with CHSP to subcontract the services portion of RdF Village, in the amount of \$2,571,460, upon approval by the BOS.

OTHER AGENCY INVOLVEMENT:

The Office of the County Counsel-Risk Management have approved the proposed agreements as to form and insurance and indemnification provisions. The Contracts and Purchasing Department approved a sole source justification request for DignityMoves in July 2023. The Auditor Controller's Office has reviewed the proposed agreements but does not agree to the non-standard payment provisions. The CAO Budget and Analyst Division concurs with the Auditor-Controller and does not agree to the non-standard payment provisions of these agreements.

FINANCING:

These actions do not impact the General Fund. The development and implementation of Recurso de Fuerza Village program will be funded by an Encampment Resolution Funding grant program (ERF-2-R) allocation in the amount of \$7,606,051 and \$380,303 administrative fees for the County. The increase of appropriations by \$3,486,354 to Budget Unit 8054- FUND 001- Appropriation Unit CAO004 is fully financed by the California Interagency Council on Homelessness and will include 5% administrative fees. On February 28, 2024, the Budget Committee approved CAOHS staff's request for support to authorize the Auditor-Controller to increase appropriations in the amount of \$3,486,354 for the remaining ERF award. An ERF Award Budget of the full ERF award in the amount of \$7,986,354 is attached for reference (Attachment E). Upon conclusion of the Encampment Resolution Funding grant period ending June 30, 2026, per the MOU (Attachment F), the County of Santa Cruz will work with the service provider to identify ongoing sustainable funds to support the RdF Village program.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

These agreements correlate to the Health & Human Services Strategic Initiatives adopted by the Board of Supervisors by working collaboratively to address and develop a plan for ending homelessness.

Mark a check to the related Board of Supervisors Strategic Initiatives

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared by: Sarah Federico, County Homeless Services MAII, ext 5341

Approved by: Deborah Paolinelli, Assistant County Administrative Officer, ext 5309

DocuSigned by:
Deborah Paolinelli
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The following attachments are on file with the Clerk of the Board:

- Attachment A - State Agreement Grant Terms
- Attachment B - Proposed DignityMoves Agreement
- Attachment C - Proposed CHSP Agreement
- Attachment D - Resolution
- Attachment E - ERF Budget Chart
- Attachment F - MOU with County of Santa Cruz