



CITY COUNCIL AGENDA REPORT

MEETING DATE: JANUARY 15, 2019

ITEM NUMBER: **NB-3**

SUBJECT: APPROVAL OF BRIDGE SHELTER PROJECT AS A COMPONENT OF A WESTSIDE RESTORATION PROJECT

DATE: JANUARY 10, 2018

FROM: PARKS AND COMMUNITY SERVICES DEPARTMENT

PRESENTATION BY: JUSTIN MARTIN, PARKS AND COMMUNITY SERVICES DIRECTOR

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RECOMMENDATION

Staff recommends that the City Council:

1. Approve the purchase of the property located at 1040 W. 17th St., Costa Mesa, CA to be utilized as the City's bridge shelter location;
2. Authorize staff to negotiate a facility-use/lease agreement with the Church of the Nazarene/Lighthouse Church, located at 1885 Anaheim Avenue to: utilize a portion of existing property to provide an interim bridge shelter location; be operated by a professional shelter operator; and, include onsite security, facility upgrades and perimeter fencing, while the long-term shelter property is being improved;
3. Authorize a budget adjustment for all existing expenses incurred during Fiscal Year 2018-19 totaling \$141,816 related to identifying a bridge shelter location to be funded from unassigned fund balance in the General Fund;
4. Authorize a budget adjustment for \$5,700,000 for the acquisition of 1040 W. 17th St. Costa Mesa, CA totaling \$4,000,000 and site improvements estimated to cost \$1,700,000 to be funded from unassigned fund balance in the General Fund while staff continues to seek all outside available funding;
5. Authorize staff to explore operator options and provide a recommendation to the City Council on Tuesday, February 5, 2019.

BACKGROUND

Homelessness is a national epidemic that is prevalent in many states, cities and towns, including many that are located here in the Southern California region. While the epidemic is not new to the region, it has continued to grow throughout the County, to include Costa Mesa.

Over the years, the numbers of chronically homeless and the number of complaints regarding the chronically homeless has fluctuated; however, in 2010, there was a noticeable increase in the number of complaints and concerns which were in need of immediate solutions. During this time, problems due to vagrancy included individuals sleeping overnight in parks, multiple encounters between the homeless population and library and community center patrons as well as a variety of complaints from property owners and park users. Business owners in the City also complained about homeless individuals sleeping on their property at night and loitering in front of their businesses during the day. Many of the people encountered were mentally ill and/or suffering from substance abuse. With this increased community impact, City leadership introduced a course of action that has been incrementally implemented over the last 8 years.

Homeless Task Force:

In January 2011, the City Council established the Homeless Task Force. This group consisted of residents, business owners, Council Members and City Leaders, with a goal to “establish realistic strategies and make recommendations that address the needs of the Costa Mesa community, residents, businesses and the homeless.” The group’s monthly meetings focused on a variety of topics including local ordinance review, homeless law enforcement combined with municipal code prosecution and mental health outreach, mental health and medical issues affecting individuals experiencing homelessness and Financing strategies/funds available for supportive housing.

Concurrently, the City’s Housing Community Development (HCD) staff organized an In-House Coordinating Committee. This was done to identify partners not involved directly with the Homeless Task Force for inclusion in discussion and strategy. These parties included other City departments, County-level departments and non-profits, Probation, Parole, as well as City staff impacted on-site at Lions Park.

Since the inception of the Homeless Task Force, many actions were taken on both a formal and informal basis by both the City and its community partners. Many churches and social service organizations joined CMPD, the City Attorney and staff and began working together alongside the faith-based and non-profit communities in an attempt to seek solutions for day-to-day homeless issues. Involved parties worked cooperatively and addressed issues such as food sharing, client referrals, citizen complaints, and alternative storage for goods owned by homeless residents.

This strong combination of efforts led to the development of a strategic framework of priorities tailored to Costa Mesa’s specific context. The overwhelming conclusion after a nine-month process was that ending homelessness is a regional responsibility which can only be accomplished by provision of housing, appropriate services and a multi-faceted approach to law enforcement. Additionally, there was/is not a “one-size-fits-all” solution; a “carrot and stick approach” is recommended. Many of the goals and solutions were identified as collaborative and integrated – not a one shot approach to a problem. All programs were intended to prioritize serving Costa Mesa residents experiencing homelessness while enforcement/legal action would not discriminate between those who have connections to Costa Mesa and those who do not. The result was to penalize chronic offenders who were repeatedly arrested in the City, while assisting those homeless who were long-term residents. The hope was that this collaborative approach would prevent Costa Mesa from continuing to be a magnet for homeless individuals.

In 2012, the City Council adopted a 9-Point Plan that encompassed the following goals:

- Goal 1: Define who is a Costa Mesa homeless individual.
- Goal 2: To protect the health and safety of Costa Mesa residents through enforcement of “civility” laws and provision of an alternative storage site.
- Goal 3: Proactive problem resolution with regard to high crime/vice hotels which cater to transient population, enforcement of local codes and ordinances at problem halfway houses.
- Goal 4: Centralized in-house homeless services coordination.
- Goal 5: Integrating law enforcement, mental health and legal strategy as a 3-pronged approach to homelessness.
- Goal 6: Research permanent supportive housing and possible access center.
- Goal 7: Review interim housing options.
- Goal 8: Development of an appropriate metrics system to monitor reduction in homelessness.
- Goal 9: Promotion of Lions Park as a local venue for special events and change in facilities to more creative usage.

Network for Homeless Solutions:

In 2013 the Neighborhood Improvement Task Force (NITF), known today as Network for Homeless Solutions (NHS), was formed. Through the development of the program, partnerships were formed with:

- City Community Outreach Workers
- Law and Code Enforcement
- All City Departments
- Nonprofit Providers
- Several Faith-based Organizations

This group was and has continued to be empowered to collaborate as equal partners to assist Costa Mesa’s homeless residents. Both at a local and regional level, the NHS created and implemented a 4-point strategy:

1. City Department coordination and collaboration
 - Law Enforcement
 - Fire Department
 - Code Enforcement
 - City Attorney
 - Public Services
 - Outreach
2. Service delivery coordination with outside agencies
3. Direct outreach services
4. Reconnections

Since this time, through strong, established partnerships with local non-profit organizations, churches and County-wide organizations, the NHS has been able to assist many residents with ending their homelessness and also link non-residents suffering from homelessness back to their community of origin.

Strategic partnerships with local organizations that assist with ending local homelessness and with the reconnection process include the City Neighborhood Improvement Division and Police Department, Fresh Beginnings Ministries, The Crossing Church, Broken Hearts Ministry, Trellis, Lighthouse Church, 50 social service providers, and private and public sector agencies. Of highlight, is a partnership with the Lighthouse Church of the Nazarene, which serves as a homeless service center and periodic inclement weather shelter for extremely vulnerable individuals, and which has been very instrumental in our collaborative efforts. A strong partnership with Trellis and The Crossing Church to provide a check-in center with 63 bins that hold property so that it is not stored on the streets has also been very successful. The City relies daily on multiple volunteers who assist the homeless through the NHS. The work of the NHS is ongoing and their efforts do not go unnoticed both here in Costa Mesa and County-wide.

The NHS continues to meet weekly to discuss challenging cases and outcomes for the individuals being served. Community outreach staff make contact with 60 to 80 people each week (totaling more than 3,000 contacts per year) and assist park rangers, police officers and City residents who have interacted with homeless and/or whom have sought assistance from staff. The team makes a dedicated effort to help in addressing resident concerns and meeting with property owners to assist with issues impacting them related to individuals loitering on their property.

Supporting the local business community is a priority for the NHS and City leaders. The City and Chamber of Commerce provide guidance workshops to the business community on how to deal with homeless issues, City code enforcement officers educate business owners on how to engage in enforcing trespassing law and law enforcement provides guidance to business owners on best practices.

The hard work has paid off and there have been many successes over the years. Of note, in 2017, 111 individuals were housed. Most were housed in Orange County cities other than Costa Mesa and, in some cases, clients have been housed outside of California. Some clients were from other cities and were reconnected back to their community of origin.

Even with the result of all of these combined efforts, there are still individuals in Costa Mesa that continue to experience homelessness. The results of the 2017 Point in Time Homeless Count Survey of homeless that was conducted by the nonprofit service organization 211OC, indicated that Costa Mesa's homeless population was 103 unsheltered individuals, as compared to a Vanguard University count in February of 2016 which counted 158 homeless individuals.

LEGAL BACKGROUND

In January 2018, the City was named in a Lawsuit initiated by Catholic Worker and eight plaintiffs who had been encamped at the Santa Ana riverbed. Orange County, the City of Anaheim, the City of Costa Mesa and the City of Orange were named in the lawsuit challenging enforcement of unlawful camping ordinances. The lawsuit consists of five causes of action: 1) Violation of Eight and Fourteenth Amendments (42 U.S.C. § 1983) and Art. 7, §17 California Constitution (Cruel and Unusual Punishment); 2) Violation of First and Fourth Amendments (42 U.S.C. § 1983); 3) Right to Due Process of Law (42 U.S.C. § 1983); 4) Violation of California Civil Code § 52.1; and 5) Request for Injunctive Relief. The lawsuit was filed in connection with Orange County's actions in clearing the riverbed of in excess of 400 homeless individuals who had set up encampments.

This matter was assigned to Judge David O. Carter's courtroom. Judge Carter is known for having a unique approach to matters before him and the underlying matter is no different. On February 2, 2018, the Plaintiffs brought an Ex Parte Application for a Temporary Restraining Order ("TRO") to enjoin both the County from clearing the Santa Ana Riverbed and the named cities from

enforcement of their respective “anti-camping” ordinances. On February 6, 2018 the Court granted a TRO precluding the enforcement of anti-camping ordinances at the Santa Ana Riverbed pending the February 13, 2018 Ex Parte hearing. The TRO hearing was continued a number of times and the parties were ordered to meet and confer on a stipulated resolution. On February 14, 2018 the plaintiffs and the County of Orange entered a Stipulation regarding the homeless at the Santa Ana Riverbed. Relocation of the homeless was accomplished by the joint action of the plaintiffs’ Counsel, the County and its homeless services vendor City Net.

On June 13, 2018 the presiding Judge Carter set a deadline of August 3, 2018 for cities named in the court case to identify potential emergency shelter sites. The City of Costa Mesa has proposed a 12-bed crisis stabilization facility in collaboration with College Hospital along with establishing a 50-bed bridge shelter within the city limits of Costa Mesa.

Thereafter, Plaintiffs filed a First Amended Complaint in the ongoing federal lawsuit again naming the County of Orange, City of Anaheim, City of Costa Mesa and City of Orange as Defendants. The First Amended Complaint consists of ten causes of action: 1) Violation of Eight and Fourteenth Amendments (42 U.S.C. § 1983) and Art. 7, §17 California Constitution (Cruel and Unusual Punishment); 2) Violation of First and Fourth Amendments (42 U.S.C. § 1983); 3) Right to Due Process of Law (42 U.S.C. § 1983); 4) Violation of Fair Housing Act (42 U.S.C. § 3604 and California Gov. Code § 12955); 5) Violation of Fourteenth Amendment; Art. I § 13; 6) Violation of the Americans with Disabilities Act (42 U.S.C. § 21132; 42 U.S.C. § 21133; 29 U.S.C § 794a); 7) Violation of California Civil Code § 52.1; 8) Violation of California Government Code § 815.6; 9) Violation of California Government Code § 11135; 10) Violation of California Code of Civil Procedure § 526a. In the First Amended Complaint, the City is named in the first four causes of action as in the original Complaint but with the addition of the 8th and 9th causes of action for Violation of California Government Code § 815.6 and, Violation of California Government Code § 11135. As part of the prayer for relief, the Plaintiffs have also renewed their request for an injunction precluding the City from enforcing its anti-camping ordinance.

On August 3, 2018, the court imposed a further deadline of September 7, 2018 to come up with a written settlement agreement with the Plaintiffs. On September 4, 2018 the Ninth Circuit published the *Martin v. Boise* opinion, which precluded enforcement of anti-camping laws where individuals have no alternative.

The Court has extended the deadline for negotiations several times. A final status conference with the Court is currently scheduled for February 4, 2019, at which time, the Court is expecting the City to present a solution to providing shelter for those experiencing homelessness. At this time, no enforcement of anti-camping laws is taking place and the City of Costa Mesa has few beds for homeless residents to seek shelter. In order to successfully settle the litigation, 50 additional shelter beds must be provided.

SETTLEMENTS OF OTHER DEFENDANTS

All of the other cities named in the Complaint have entered into settlement agreements with the Plaintiffs. The cities that comprise the Northern SPA (Anaheim, Brea, Buena Park, Cypress, Fullerton, La Habra, La Palma, Los Alamitos, Orange, Placentia, Stanton, Villa Park and Yorba Linda) have in principle entered into a SPA-wide settlement agreement with the Plaintiffs.

Below is a list of what other surrounding cities are doing to provide shelter beds:

- City of Santa Ana: 200 – 600 beds
- City of Anaheim: 345 – 400 beds
- City of Buena Park: 100 – 125 beds
- City of Fullerton: 100 beds
- City of Orange: 100 – 200 beds
- City of Tustin: 50 beds
- City of Laguna Beach: 46 beds

WESTSIDE RESTORATION PROJECT

Despite all of the strong and collaborative efforts from the NHS, City staff and strategic community partners, the City has been unable to adequately address the full needs and impacts of individuals experiencing homelessness. With this, the City is looking to take a new approach that will allow the City to meet legal requirements, and work to restore the west side of Costa Mesa.

As an integral part of the Westside Restoration Project, staff is recommending the purchase of a property to serve as the City's bridge shelter site. Staff is also recommending that while the property is receiving the necessary capital upgrades to become fully operable, that a temporary, interim bridge shelter be established in an existing facility so that the benefit to individuals experiencing homelessness can begin. This will also allow the City to once again enforce anti-encampment ordinances and code enforcement, while restoring the character of the neighborhoods. This two-pronged approach will take place simultaneously and will work to be an integral component of a greater Westside Restoration Project.

Along with this overall Westside Restoration Plan, which includes the bridge shelter solution projects, the City Council has already approved funding for significant infrastructure projects in both Districts 4 and 5 that will significantly contribute to the restoration of the Westside. Some of these important infrastructure improvements in Districts 4 and 5 include:

Lighting and Safety:

Lighting – Upgrading existing, and/or adding additional lighting to areas of the community that may need additional illumination to make neighborhoods safer for residents and deter unwanted activity.

Security – The Lions Park campus will have 24-hour roving security patrol to assist with patron safety and deterring unwanted activities beginning Spring 2019.

Street Rehabilitation Projects:

This work includes pavement rehabilitation, repair of damaged curb and gutter, sidewalk and access ramps. Improvements are planned for following streets in Districts 4 and 5:

- Avocado Street (College Avenue to Fairview Road)
- Anaheim Avenue (19th Street to Bay Street)
- Bay Street (Meyer Place to Maple Avenue)
- Ford Road (Harbor Boulevard to Alley 40)
- Meyer Place (19th Street to Hamilton Street)
- Parsons Street (Bernard Street to Bay Street)
- Pomona Avenue (19th Street to Victoria Street)
- Raleigh Avenue (Hamilton Street to cul-de-sac)
- Monrovia Avenue (19th Street to 18th Street)
- Superior Avenue (400' n/o 17th Street to 18th Street)
- Park Avenue (18th Street to 19th Street)

Harbor Median Improvement Project:

New raised median construction along Harbor Boulevard between Wilson Street and 19th Street. Work includes construction of raised concrete medians, new landscaping and irrigation, reconstruction of paved parking bays with new landscape and sidewalk improvements, and striping improvements adjacent to new medians. Construction is scheduled to begin at the end of January with a contract value of approximately \$990,000. The work will take place mostly at night to minimize inconvenience to the local business.

The Lions Park Projects Phases I and II:

The Lions Park Projects scope of work spans across multiple phases and includes demolition of the old 20,000 SF Neighborhood Community Center (NCC), extensive renovation of the existing 9,300 SF Library, which will serve as the new Leadership in Energy and Environmental Design (LEED) Silver Certified Neighborhood Community Center, construction of a new, 23,000 SF, two story, LEED Gold Library, and construction of a one-acre events lawn/park space. The project is currently under construction with the Grand Opening of the new library and one-acre events lawn/park space scheduled for Spring 2019. The Phase II grand opening of the new NCC is scheduled for Spring 2020. The construction contract with Tovey/Shultz construction is approximately \$28.74 Million.

Lions Park Playground Improvements:

The playground's main feature is a Grumman F9F-2 Panther jet flown by the U.S. Navy in the 1950s. The plane was installed in 1960 and will remain as part of the improved playground. This project is currently under design and will provide new themed playground equipment, with an enhanced play area for youth, as well as landscaping and irrigation upgrades, modern and safe restrooms, picnic shelter, increased lighting and concrete pathways. Construction is anticipated to begin in Winter 2019 with an estimated value of \$2 Million.

Citywide Alley Rehabilitation:

\$500,000 construction contract is anticipated to begin in March. \$180,000 of that contract will be utilized to remove and replace a deteriorated asphalt alley with new concrete within District 4. The alley is between 19th Street and Bernard Street.

Hamilton Street - Charle to Harbor Boulevard Street Improvements:

This project is currently in the design phase and includes pavement rehabilitation, repair of damaged curb and gutter, sidewalk and wheelchair ramps. Construction is scheduled to start this summer.

Pinkley Park Playground Equipment:

The Parks and Recreation Commission approved the playground equipment and surfacing design at their meeting of November 29, 2018 and with this approval, staff was able to place the order for the playground equipment prior to an anticipated price increase that saved the City \$25,000 or 22% of the cost. Construction is scheduled to start after the equipment is manufactured in the spring.

West 19th Street Bicycle Facility Improvements:

This project is in design stage and includes enhanced bicycle route markings along West 19th Street between Placentia Avenue and Whittier Avenue and bicycle lane implementation from Whittier Avenue to Marina View Park. The project implementation is scheduled for Summer 2019, and is estimated at approximately \$75,000.

Anaheim Avenue and West 18th Street Parkway Improvements:

This project to implement drought tolerant landscaping along parkways by Luke Davis Field along West 18th Street and Anaheim Avenue is in design and construction is expected to begin this spring. The project is estimated at \$125,000.

Senior Center Fence Project:

The project includes installation of a wrought-iron fence at the Senior Center. The project is currently in design and construction is expected to begin this summer. The project is estimated at approximately \$200,000.

Shalimar Park Improvements:

A community outreach session will be held in late February or March to discuss improvement options for Shalimar Park. \$50,000 is budgeted for improvements at this location.

DISCUSSION

In this report, the long-term bridge shelter property and the interim bridge shelter site are described in terms of: geographic/district location; site pros/cons; financial impacts; and, zoning considerations.

In reviewing the bridge shelter solution, the objective of the shelter will be to provide individuals with a fresh start so they may effectively pursue permanent housing opportunities. This approach, if executed, will be a step towards ending homelessness; and, will significantly reduce homelessness in Costa Mesa. The key points to keep in mind are:

1. A bridge shelter can provide many homeless individuals with a facility that provides both shelter and human services, as well as the ability to create a housing plan geared towards ending homelessness. However, some members of the homeless community may still decline services. If the City can enforce its anti-camping ordinance following opening of the shelter, this may provide additional incentive to those chronic homeless to accept services.
2. National, State and Local best practice efforts and funding to end homelessness, focuses on a "Housing First" model in which homeless individuals are sheltered for a period while case workers strive to move them into permanent supportive housing in the local area.
3. The establishment of a bridge shelter will enable the City to once again enforce anti-encampment ordinances and code enforcement, which will prevent potentially dangerous, unsanitary encampments from taking root in Costa Mesa.
4. Settlement of the litigation will reduce ongoing litigation costs and the risk of a negative outcome.
5. Getting the extremely vulnerable homeless population off of the streets and sheltered/housed should reduce homeless-related public nuisance calls for service received by public safety personnel.
6. The bridge shelter will work on a reservation based system that will likely utilize transportation for entry and will not allow walk-up clients. This will address concerns of loitering, etc.
7. For security purposes, full perimeter fencing and onsite security personnel (24/7) are recommended, as is coordinated roving patrol within a half mile radius of the facility by shelter operation staff.
8. While we may provide priority for Costa Mesa residents at a shelter, we may not exclude non-residents.
9. The proposed interim bridge shelter facility will serve as the temporary shelter, for what is projected to be 9-12 months, while construction upgrades and site improvements can be completed to the long-term bridge shelter site. Once the site improvements are complete, the shelter operator, clients and staff will transfer to the long-term location.

It is important to keep in mind that the bridge shelter will be operated by a third-party contractor, which will oversee the day-to-day operations of the facility. Knowing that the existing City staff from the Neighborhood Improvement Division have been very successful, both locally and regionally with their approach to community outreach, case management and diversion, it is projected that the City staff team will continue to carry out its roles and not be replaced by outreach workers provided by

the contracted operator, which is a service that is typically involved in a traditional shelter operator scope of service model. Some training and modifications to duties will likely be required to integrate current outreach and case management activities with in-house shelter management and housing navigation. Costa Mesa based non-profit, Share Our Selves (SOS), has also already expressed an interest in assisting with the health care services at a shelter.

ANALYSIS

Beginning in September 2018, staff began researching potential properties located throughout the City. After extensive research, staff prepared a property list with almost 30 potential properties for consideration. Staff determine selection criterion that helped rank any potential site and included:

1. Appropriate zoning (no condo)
2. Least impact to surrounding uses and businesses
3. Proximity to schools
4. Proximity to parks
5. Vacant or Single Tenant to reduce relocation costs
6. Existing building (New Construction would take too long and cost more)
7. Building size: 8,000-12,000 sf.
8. Adequate private parking area, outdoor seating and storage areas

The following is an analysis of the staff recommended bridge shelter solution including: pros/cons, costs and legal considerations.

LONG-TERM BRIDGE SHELTER SOLUTION:

This two-pronged approach will take place simultaneously and will work to be an integral component of a greater westside restoration project that will restore the character and safety of neighborhoods.

A. Purchase the Property located at 1040 West 17th Street (Attachment 1):

Facts

- Situated in City Council District 5 along the western border of the City, westerly of Whittier Avenue and adjacent to Banning Ranch.
- Located in an existing industrial park.
- Building area: 12,312 sf.
- Lot size: 0.81 acres.
- Purchase Price: \$3.99 Million (\$325/sf).
- Existing, usable office (improved)/warehouse (unimproved).
- Built in 1977.

Pros

- Large property at nearly 1 acre.
- Large existing building space with enough room for all services, amenities, and office space for facility operator, City outreach staff, and non-profit partners.
- Very low price per square foot (\$325) - making it a good value.
- Location: Surrounding uses – East - Industrial, West - Banning Ranch, North - Mini Storage, South - Industrial.
- Sufficient parking area for employees, guests, and homeless.
- Large private and screened outdoor areas for storage, smoking, and sitting area.
- Closest park (Marina View - 2,000 ft.) and school (Whittier Elementary - 1,075 ft.)
- Phase 1 environmental report was already conducted and came back clean.
- Currently in extended contingency period. Ability to close and start improvements quickly.

- City financial investment in real property asset results in the potential for future price appreciation or reuse.
- Easy entry and exit access for a transportation shuttle.
- Building is not street-facing and is offset from adjacent residential.
- City will maintain full control of the property.

Cons

- Mobile home park and residential area are at 400 ft. proximity; however, roving security will be provided by an operator
- Located immediately adjacent to five existing industrial businesses that share an access driveway.
- Slight increase in vehicular flow in the general area.

Financial Impacts:

- The cost to purchase the land and building is approximately \$4 Million.
 - \$120,000 has been paid to date in the form of a deposit.
- Approximately \$1.7 Million in expected facility upgrades will be needed.
- Approximate annual operating budget: \$2.2 - \$2.7 Million.
 - Includes existing funding of approximately \$1.03 Million for City Community Outreach staff.
- The City will lose \$20,000 if the property falls out of the contingency extension period.

Zoning Considerations:

- Zoning: Industrial (MG) zoning. Needs code amendment to allow shelter use in MG zone (likely through conditional use permit).
- Does not trigger Measure Y.

Because project construction for this property is projected to take 9-12 month's, staff recommends that an interim temporary bridge shelter facility begin sheltering homeless individuals earlier; and to be able to once again enforce anti-camping ordinances and code enforcement to protect business and neighborhoods.

B. Engage in negotiations to utilize 1885 Anaheim St. - Lighthouse Church (Attachment 2) as a temporary interim bridge shelter.

This location is recommended as an interim bridge shelter option because the existing facility is currently a resource hub for homeless individuals. With the addition of a professional operator, existing secondary impacts to the adjacent neighborhood will be minimized. The facility is already an approved federal emergency shelter during periods of extreme and/or inclement weather and serves as a community outreach site for City staff twice weekly. The mission of the church would be to continue to serve the community; and, if an interim bridge shelter was not in operation on the property, then the current staff would not benefit from learning additional best practices in shelter operations.

Facts

- Situated in City Council District 5, across the street from the Costa Mesa Historical Society and the Downtown Recreation Center near the intersection of 19th Street and Anaheim Street.
- Location: Surrounding uses – East - Apartments, West - Single Family Residences, North - Animal Hospital/Commercial, South - Single Family Residences.
- Currently in operation as a homeless outreach center by a church.

- Existing area of the building for homeless services is estimated at 6,000 sf, which includes 2,000 sf, on the second floor currently reserved for non-emergency shelter transitional housing.
- Total lot size of nearly 1 acre.
- Property not for sale - City would propose to pay for capital improvements in return for and/or along with a long-term Shelter Lease Agreement.
- Existing one and two story building with existing kitchen, restrooms, common hall area and storage.
- Currently an approved inclement weather Federal shelter.

Pros

- Location is assisting individuals experiencing homelessness on a limited schedule and service.
- Professional operator will alleviate/better manage neighborhood issues.
- Increased lighting and 24hr security will result in a safer neighborhood and point of contact for neighbors.
- Reduce the impact to and restore residential character of the neighborhood.
- No property acquisition cost.
- Developing an enclosed facility run by a professional operator helps with controlling the existing homeless situation, leading to improved neighborhood conditions.
- Large property at nearly 1 acre.
- Existing property will be upgraded with much needed site improvements that will benefit the adjacent neighborhood.
- ADA compliance
- Installing perimeter screened fencing
- Increasing lighting and security
- New private and screened outdoor areas for storage, smoking, and sitting area may be adequate and minimize impacts to the neighborhood.
- Distance to closest school (2,100 ft.).
- Walkability and transit are good.
- Zoning: Institutional and believed to be adequate for an ancillary use.
- Allows the City to simultaneously operate a shelter site, while completing improvements to the long-term shelter facility.
- Once in operation, City will once again be allowed to enforce anti-encampment ordinances and stricter code enforcement.

Cons

- Distance to closest park (500 ft.) and residential (50 ft.); however, impacts to these areas exist currently and can be better managed with partnership and operation.
- No increase in permanent City asset or real estate appreciation value.

Zoning Considerations:

- Zoning: Institutional & Recreational (I&R) zoning. Needs a code amendment to allow shelter use in I&R zone (likely through conditional use permit).
- Does not trigger Measure Y.
- Performing ADA upgrades including entry/exit ramps, facility upgrades, and other minor revisions

Overall, utilizing the 1885 Anaheim Ave. property as a temporary interim bridge shelter will allow individuals experiencing homeless to be sheltered earlier, while allow the City to once again enforce anti-camping ordinances and code enforcement. With the introduction of a professional shelter operator, increased lighting, perimeter fencing and onsite security, there will be a decrease to the existing impact to the neighborhood and this will assist with restoring the

neighborhood's residential character. This site will also assist staff by being a resource to educate clients about the forthcoming long-term bridge shelter facility.

SHELTER OPERATIONS

A critical component of any shelter location will be how it is operated to minimize negative impacts to the greater community. The shelter should be low-barrier entry and as accessible to the homeless as possible. For a shelter to be most effective it should allow both the highly functioning and the vulnerable. An ideal, professional shelter operator should be well-trained and experienced to be able to manage clients with a wide ranges of needs.

While an Operator hasn't been chosen in advance of any property selection, it is important to be able to understand how a typical shelter operation model works.

Typical Shelter Model:

A typical shelter operation model generally consists of a third party vendor which is completely in charge of managing the day-to-day operations of a shelter. This staffing model generally consists of a shelter director, a housing navigator, case managers, a volunteer coordinator, logistical operations staff that deal with laundry/food service/janitorial, a data entry specialist, a transportation coordinator and onsite security. The shelter operator is responsible for all of the staffing and fiscal management that is encapsulated in an operating agreement between the operator and an agency and assures that clients are working towards goals to end their homelessness and towards housing. The shelter operator will be responsible for establishing and maintaining onsite and offsite partnerships which may include mental and health related services, providing staff training, and with preparation of a monthly calendar that provides a varying schedule of human services located both on and off-site.

Costa Mesa Hybrid Model:

As was mentioned earlier in this report, the City's Neighborhood Improvement Division staff have been very successful in the areas of community outreach, case management, in-reach/outreach, diversions/reconnections and in establishing a regional presence that has proven to be very beneficial to helping individuals end their homelessness.

The City is in the unique position of having four existing FTEs community outreach workers on staff/contract that have already spent years gaining trust, learning and interacting with clients and making connections with individuals experiencing homelessness. It is recommended that these individuals will fulfill the role of providing the day-to-day outreach and case management under the supervision of the City's Neighborhood Improvement Manager. Staff will work alongside the Shelter Operator to create a successful facility which employs a housing first model. With the City and the Operator working closely together under the same roof, the mutually exclusive goals of stabilizing high acuity individuals while offering them housing opportunities should be realized.

This hybrid model should result in a more efficient and collaborative organization which relies on strengths of existing City outreach staff while gaining shelter operation and resource mobilization resources from outside shelter experts. Additionally, it is the City's desire to work with a shelter operator to coordinate services among faith-based, community service providers, civic organizations and provision of housing navigation/location services.

ALTERNATIVES CONSIDERED

Staff has been researching and analyzing potential properties located throughout the City since September 2018. After extensive research of more than 30 properties, and multiple scenarios of options, staff believe that the recommended bridge shelter solution will be the best course of action to positively restore the character and safety of Costa Mesa neighborhoods.

The City Council may choose to not move forward with the proposed bridge shelter project solution, and direct staff to continue researching and analyzing additional properties; however, the property located at 1040 W. 17th Street will fall out of the extended contingency period and will likely be purchased by another buyer. The City will lose \$20,000 the property falls out of the extended contingency period. The City Council must also show action by the upcoming scheduled February 4, 2019 hearing with Judge Carter regarding an update on the OC Catholic Worker case.

If the City Council wishes to use the 1885 Anaheim Ave. property as a temporary interim bridge shelter and not select the long-term shelter property option, staff can continue to explore additional sites for long-term options. With this, the 1040 W. 17th Street property will likely become unavailable for purchase by the City in the future. Staff has also extensively researched available properties in the City and this is one of the least negatively impactful to the general surroundings.

If Council elects not to move forward with the purchase of 1040 W. 17th Street, or with negotiations for use of a portion of 1885 Anaheim Ave., an alternative strategy will need to be identified quickly.

FISCAL REVIEW

Pending/Future Expenses

LONG-TERM SOLUTION:

1040 W. 17th Street:

- The acquisition cost will be no less than \$4 Million.
 - An acquisition of a property would result in an appreciable asset that holds value and could be used for other City operations or could be sold at a future point in time.
- Street, site and building upgrades are estimated to cost \$1.7 Million.

1885 Anaheim Avenue (Lighthouse Church):

- Staff will negotiate a lease or use agreement for portions of the site.
- Site and building improvements are expected to be negotiated as part of an agreement.

Operating Costs:

It is projected that the annual operating costs of the long-term bridge shelter will be between \$2.2 Million – \$2.7 Million. This includes the existing budget of \$1.03 Million for the Neighborhood Improvement Division.

A full overview of the projected costs associated with a long-term and short-term solution are below:

Property Option	Purchase Price	Site Improvements	Annual Operating Costs	Total Costs
1040 W. 17 St.	\$4 Million	\$1.7 Million	\$2.7 Million	\$8.4 Million
1885 Anaheim St. (Lighthouse Church)	N/A	To be negotiated	\$800K-\$1M	Estimate of negotiated payment plus \$800K - \$1 Million

Staff expects to receive annual SB 2 funding totaling approximately \$435,000 beginning in the second half 2019 which will be used to pay for annual operating costs. Staff is also researching additional funding sources from Federal, State and County grants and will apply for those funds as opportunities become available. A long-term bridge shelter in Costa Mesa that follows industry best practices, both in building and operations, will likely increase chances to receive competitive grant funding.

Staff are requesting approval of a budget adjustment for \$5,700,000 for the acquisition of 1040 W. 17th St. Costa Mesa, CA totaling \$4,000,000 and site improvements estimated to cost \$1,700,000 to be funded from unassigned fund balance in the General Fund while staff continues to seek all outside available funding.

Existing Expenses

To date, the City has authorized agreements totaling \$141,816, which are related to the identification of a property for a bridge shelter.

A full overview of these expenses can be seen below:

Vendor Name	PO Amount	Description of Services
EBI Consulting	\$17,310	Property Condition Inspection & Repair Budget (17 th)
EBI Consulting (2)	\$2,950	Building Renovation Cost Estimate Services (17 th & Lighthouse)
Santolucito Dore	\$3,500	Appraisal (17 th)
Shreenath	\$1,957	Phase 1 Environmental (17 th)
OrgCode	\$11,800	National Shelter Operation Consultant
CivicStone	\$99,999	Affordable Housing & Real Estate Consulting Services
Martin Bros. Construction	\$1,700	ADA Consultant for the Lighthouse Church
Westgroup Design	\$2,600	Architectural Design Review (17 th & Lighthouse)
Total:	\$141,816	

Currently, all of the aforementioned expenses have been allocated from a contingency account. This year’s contingency budget was reduced to \$500,000, therefore 28% of the budget was spent on these costs. In order to allow for adequate contingency funds through June 30, 2019, Staff are requesting approval of a budget adjustment to fund these costs from unassigned fund balance in the General Fund.

Future expenses including costs for an operator and for costs related to the temporary shelter will be requested when agreements have been negotiated. Operating costs in future fiscal years will be incorporated during the annual budgeting process.

NEXT STEPS AND TIMELINE

1. If Council directs staff to move forward with the purchase of the 1040 W. 17th Street site, staff will need to act prior to January 15, 2019 at midnight, when the current extended contingency period is scheduled to expire.
 - a. It is projected that this site would have all the tenant improvements completed and be operable by March-May 2020.

2. If Council directs staff to move forward with the bridge shelter solution, staff will move forward with design, operations, construction, lease, etc. contracts in accordance with City policies.
 - a. It is projected that the temporary interim bridge shelter facility can be operable by mid-April 2019.
3. Enforcement of the City's anti-encampment ordinance will continue to be effectively precluded until a shelter is open and operating.
4. The City will host a Community Meeting Regarding the Bridge Shelter Component of a Westside Restoration Project on Wednesday, January 30, 2019 at the Costa Mesa Senior Center, from 6:00 pm – 7:30 pm.
5. Attend Status Conference at Court on February 4, 2019.

LEGAL REVIEW

The City Attorney's Office has provided the Legal Background portion of this report.

CONCLUSION

Without an established bridge shelter, the City of Costa Mesa will continue to deal with existing litigation and will be unable to enforce its anti-encampment ordinances. The establishment of this staff recommended bridge shelter solution will also begin to serve individuals experiencing homelessness earlier. Knowing this, staff recommends that the City Council:

1. Approve the purchase of the property located at 1040 W. 17th St., Costa Mesa, CA to be utilized as the City's bridge shelter location;
2. Authorize staff to negotiate a facility-use/lease agreement with the Church of the Nazarene/Lighthouse Church, located at 1885 Anaheim Avenue to: utilize a portion of existing property to provide an interim bridge shelter location; to be operated by a professional shelter operator; and, include onsite security, facility upgrades and perimeter fencing, while the long-term shelter property is being improved;
3. Authorize a budget adjustment for all existing expenses incurred during Fiscal Year 2018-19 totaling \$141,816 related to identifying a bridge shelter location to be funded from unassigned fund balance in the General Fund;
4. Authorize a budget adjustment for \$5,700,000 for the acquisition of 1040 W. 17th St. Costa Mesa, CA totaling \$4,000,000 and site improvements estimated to cost \$1,700,000 to be funded from unassigned fund balance in the General Fund while staff continues to seek all outside available funding;
5. Authorize staff to present the Council with a recommendation for a shelter operator on Tuesday, February 5, 2019.

JUSTIN MARTIN
Parks and Community Services Director

TAMARA S. LETOURNEAU
Acting City Manager/Assistant City Manager

KELLY TELFORD
Finance Director

KIMBERLY HALL BARLOW
City Attorney

- Attachments: 1. [1040 W. 17th Street Photo Overview](#)
2. [1885 Anaheim Street Photo Overview](#)