

Date: **September 20, 2021**

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Karen Shimizu, Housing Manager

Brian Cochran, Assistant City Manager

SUBJECT: Resolution Approving the purchase of 25 Shelter Units and 2 Office Units in the amount of $338,000 from for the City of Petaluma’s Interim Housing Solutions Project located at 900 Hopper Street, approving the conceptual site plan and Authorizing the City Manager to execute all documents necessary to complete the purchase or modify the conceptual site plan.

**RECOMMENDATION**

It is recommended that the City Council adopt the Resolution approving the purchase of purchase of 25 in the amount of $338,000 from Quickhaven for twenty-five 72 square foot shelter units and two 120 square foot office units for the City of Petaluma’s Interim Housing Solutions Project located at 900 Hopper Street, approving the conceptual site plan and Authorizing the City Manager to execute all documents necessary to complete the purchase or modify the conceptual site plan

**BACKGROUND**

Homelessness is one of the most challenging issues facing Petaluma and communities throughout the country. Best practices show permanent housing solves homelessness but achieving that goal is complex. Cities alone cannot solve the challenge. Many factors contribute to homelessness including cost and availability of housing, insufficient income, lack of physical and mental health services, and lack of support systems.

Petaluma has made great gains to serve our unsheltered community members. Our partners in this work include Committee on the Shelterless (COTS), Downtown Streets Team (DST), Petaluma People Services Center (PPSC), and the Petaluma Health Center (PHC). While much progress has been made, even more work remains to be done. COVID-19 has exacerbated the inequalities in our County that have pushed hundreds more of our neighbors and their families into homelessness this past year. In addition, our current regional homeless service systems have some gaps that need to be addressed.

**Overview of Best Practices for Ending Homelessness**

Understanding the differences among the types of homelessness is crucial in considering potential solutions: ***Temporary Homelessness*:** This is the largest category of people experiencing homelessness, but they tend to be less visible since they quickly find permanent housing options.

***Episodic Homelessness*:** People in this category often have moderate needs and may enter, exit, and re-enter homelessness multiple times. ***Chronic Homelessness*:** Chronically homeless individuals have been homeless for one year or longer and have a disability (such as chronic medical issues, a serious mental illness, or chronic substance use disorders

**Best Practices: Housing First**

Housing First became the national standard for ending homelessness after having been proven to work in communities across the US and internationally. The focus of Housing First is to get people housed as quickly as possible and provide supports to help them keep housing. This approach has produced significant reductions in homelessness and has helped end homelessness for many chronically homeless individuals.

**Current City Investment in Homeless Services**

The City of Petaluma’s FY 2021-22 budget includes a total of $2,290,000 invested in programs to serve our unsheltered community members, which include short-term, interim and long-term solutions, ***Short-term solutions*** – meals, outreach focused on general resource connection and housing placement, street and encampment clean-up, mobile showers and case management. ***Interim solutions*** – shelter with individual case management support and housing placement, employment programs, crisis intervention for mental illness and addiction, jail and court referral, and health care. ***Long-term solutions*** – permanent supportive housing with services, rapid rehousing, and Veteran’s housing support services.

**Other Potential Funding Sources**

***County of Sonoma $2M Safe Parking Non-Congregate Program Funding –***

On August 31, 2021 the Sonoma County Board of Supervisors directed County staff to work with interested cities and community-based organizations to identify projects. The County issued a Letter of Intent process on September 13, 2021. Projects will be presented to the Board of Supervisors on December 7, 2021. Projects must be operational by February 28, 2022.

***State of California Housing and Community Development Homekey Project 2.0***

The State released the program guidelines on September 9, 2021for Project Homekey and County staff have held meetings that includes staff representatives from all jurisdictions in Sonoma County to facilitate a collaborative approach on prioritizing projects and funding. County staff will present Homekey projects to the Board of Supervisors for discussion/consideration on October 26, 2021.

***Measure O Collaboration*** – The City of Petaluma continues discussions with Santa Rosa, Cotati, Rohnert Park, and the County of Sonoma regarding ways to collaborate on the implementation of the CAHOOTS program (Petaluma SAFE Program) in the different jurisdictions.

***City Homeless Services Plan* –** The City has hired Andrew Henning Consulting and continues to work towards the development of a Homeless Services Plan for the City. This plan will outline Petaluma’s strategic vision and priorities for developing a coordinated, compassionate, and high-quality local response that ensures homelessness becomes a rare, brief, and one-time experience in our community. Staff will integrate local planning in the context of the Sonoma County Continuum of Care, regional, state, and national best practices. This will include the formula interim housing, permanent housing, and the “By-Name-List” strategy for ending chronic, Veteran, and family homelessness. Staff is planning to bring the initial framework to Council on November 1, 2021 with a tentative schedule of community workshops.

The following links provide additional information related to Homeless Services:

[2020 *Sonoma County Point in Time Census* Executive Summary](file:///C:\Users\karenshimizu\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\AppData\Local\kenmo\AppData\Local\Temp\2020_Sonoma_County_Homeless_Census_Comprehensive_Report.pdf)

[2021 *Action Plan for Preventing and Ending Homelessness in CA* Executive Summary](https://www.bcsh.ca.gov/hcfc/documents/action_plan.pdf)

[May 2021 Summary of State of CA Comeback Plan *Homelessness Investment Package*](http://www.ebudget.ca.gov/2021-22/pdf/Revised/BudgetSummary/HousingandHomelessness.pdf)

*City of Petaluma Staff Report dated June 21, 2021*

**2021 City of Petaluma Declaration of Shelter Crisis**

On September 13, 2021 the City Council adopted Resolution No. 2021-150 N.C.S. pursuant to Assembly Bill 2553 (AB 2553) declaring a shelter crisis based on the continued effects of the pandemic which have disproportionately impacted those in need. The Declaration of Shelter Crisis provides the City with flexibility from existing regulations and processes that make it difficult or impossible to act quickly in addressing immediate shelter needs. The discretion offered by AB 2553 and related legislation at the state level allows the City to remain agile in creating innovative shelter solutions in ways that the City of Petaluma may be otherwise constrained. To be used as a tool the City also approved an Urgency Ordinance No. 2790 N.C.S.  that creats flexibility in local standards and procedures for the design and site development of shelters for people experiencing homelessness

**DISCUSSION**

The City has increased the level of funding for programs to support critical services for the unsheltered community. The strength of existing outreach, shelter and housing programs have provided the foundation necessary to shift the service focus over time to improve health and wellness for people experiencing homelessness. The proposed Interim Housing Solutions project will provide non-congregate shelters for 25 individuals seeking shelter in Petaluma.

On August 2, 2021, the City Council approved $1.7 million in one-time American Rescue Plan Act (ARPA) funds to establish a transitional/interim housing solution in Petaluma to develop additional supportive housing units and associated services that will help bridge the gap for community members currently living in encampments or on the street. The project will allow them to stabilize in non-congregate shelter and have access to vital services prior to moving to more permanent supportive housing.

**Conceptual Site Plan**

The City and COTS have been working in partnership with MAD Architecture to create a conceptual site plan (attachment # 2) that takes into consideration existing COTS operations, and the City Corp Yard operations. The plan also takes into consideration the location of services, provides small gathering areas, access for those with mobility limitations, pedestrian pathways, access, perimeter security, parking for clients, COTS staff and volunteers, proximity to services, available utilities, and vehicle circulation. The conceptual site plan demonstrates that units and support facilities will fit into this location, but further site design development is underway and will be brought forward to Council in November. in November.

The plan includes 25 fully ADA accessible shelter units, two office units, 4 showers, and 6 toilets. The project will accommodate individuals and their pets. The project will become an extension of the existing services provided by COTS. The shelter units will be installed and constructed in accordance with California Residential Code Appendix X, fire safety , ADA access. and will meet the City Contracting General Terms and Conditions. The project is in alignment with AB 2553 and related state legislation which allows the City to remain agile in creating innovative shelter solutions.

**Client Services**

Priority factors considered for entry into the program at the site will include the “By-Names List” of the most vulnerable unsheltered people in our community, and clients entered in the County administered Coordinated Entry System.

Proposed services at the project site will include case managers that will work with residents to develop care management plans and to access on-site services to improve health and well-being, increase economic stability, and prepare individuals to remain stable in permanent housing. To ensure success and address the complex needs of individuals exiting homelessness, support services will be coordinated with many service partners to ensure client success. Planned on-site services for the project include meals, housing-focused case management, transportation assistance, employment and housing search counseling, recovery support, medical services, behavioral health support, and legal aid.

This non-congregate shelter model fills a gap in our homeless-to-housing pipeline and supports people exiting homelessness, securing necessary services, and ultimately, to achieve success in transitioning to long-term housing. Staff plans to return to Council in November to present Phase II of the project, that will include utility options, fencing, ADA ramps, and other site improvements. Staff will also present the Operations and Services budget for consideration.

**Project Timeline (Proposed)**

Given the state of homeless emergency acknowledged by the recently adopted Declaration of Shelter Crisis, the City’s efforts to establish the project will begin immediately upon Council approval with a projected completion within approximately 120 days.

* 9/20/21 –Phase I Conceptual Site Plan and equipment purchase to Council for consideration
* 9/23/21 – Execute contract and order shelter/office units
* 10/14/21 Site work and utilities out to bid
* 11/15/21 Contract to council for bid determination
* 11/15/21Operations and Services PSA to Council for consideration
* November 2021 – Begin site work improvements
* December/January 2022 – Site opens - clients move in

**Preliminary Interim Housing Solutions Project Budget**

Funding invested by the City of Petaluma will be leveraged by our community service partner organizations. Staff will also continue working in partnership with COTS on the Program Services and Operations Manual as well as seeking additional funding for the project. City staff is working on obtaining estimates for the remaining site work that will include options for utilities, ADA ramps, and fencing. Staff will present more details related to budget projections at the council meeting.

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| **Preliminary Interim Housing Solutions Project Budget** | |
| ***Expense Category*** | ***Cost*** |
| Capital Investment – Equipment | $338,000 |
| Remaining City Funds for Project - Site Work & Client Services | $1,362,000 |
| **TOTAL** | **$1,700,000** |

**Equipment Bid Process**

On September 2, 2021, City staff released a RFQ for procurement of equipment for the Interim Housing Solutions Project (Attachment #3). The City sent the bid package to ten vendors and received four proposals. Vendors that did not respond did not have a mobile unit as an option in their product lined, with mobile being defined as quickly assembled/ installed or if needed be easily move to another location. The bid packet provided the option for vendors to bid on all equipment or just select components so the proposals could be evaluated separately for each equipment type. This provided the City the option to contract with one or multiple vendors.

The City did not receive sufficient bids for the showers, toilets, and mobile solar unit, so staff will issue a second RFQ.

The proposals were reviewed based on the criteria outlined in the bid packet. Below is the recommendation of staff.

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| **Bidder** | **Bid Focus** | **Bid Price** | **Staff Review** |
| Quickhaven | 25 Shelter units & 2 office units | $338,000 | Recommends procurement |
| Pallet Shelters | 25 Shelter units & 2 Office units | $241,556 | Not recommended |
| Homes 4 the Homeless | 25 Shelter units only | $595,900 | Not recommended |
| Living Earth Structures | Community/group gathering area | N/A | Did not submit proposal |

Quickhaven submitted a proposal that included twenty-five 72 square foot mobile shelter units and two 120 square foot units to be used as office space. (Attachment # 4 is the product specification sheet.) Sustainability is key to the design and materials are environmentally friendly and optimize recycled content. They are energy efficient and minimize climate impacts by using materials with high insulation values, integrated LED lighting, and energy efficient windows and coatings. The units have a low structural floor that allows for easy placement for wheelchair ramps. The standard entry door in accessibility compliance and is fitted with a lever-style handle, and the unit has windows on the other two sides of the structure. This provides privacy as well as allows for adjacent placement of the units. The interior space in completely open with no structural obstacles and can be furnished to accommodate specific needs. The unit includes a wall -mounted electric heater and air conditioning units are optional.

The shelter units will be installed and constructed in accordance with California Residential Code Appendix X and will meet the City Contracting General Terms and Conditions. The project is in alignment with AB 2553 and related state legislation which allows the City to remain agile in creating innovative shelter solutions.

Quickhaven was not the lowest price quote; but based on the useful life, operational costs, alignment with green building codes, Quickhaven’s proposal was best aligned with the specifications listed in the RFQ. The staff recommendation provides the best long-term value for the City.

**Other Shelter Options** –

Pallet Shelters provided a proposal to the City within the bid timeline requirements. Pallet Shelters are made of all inorganic materials, have a useful life of approximately 10 years, and can be constructed within one hour. The units build to conform with California’s Emergency Shelter Building Code, Appendix O and are equipped with hardwired smoke detectors, egress doors, fire extinguishers, and heat. The material used are highly effective, but the shelters do not provide insulation. This provides for thinner wall panels allowing for reduced space if units are to be stored.

Homes 4 The Homeless provided a proposal to the City within the bid timeline requirements. This model uses the benefits of shipping containers that provide an extremely durable, long lasting product that includes the same traditional building concepts as permanent housing; however, the units do not provide an easy mobile option for the shelter units.

It is recommended that Council adopt the resolution approving the purchase of equipment for the Interim Housing Solutions Project from Quickhaven in the amount of $338,000.

**ENVIRONMENTAL COMPLIANCE**

The proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) as CEQA does not apply to actions taken by a city which has declared a Shelter Crisis to lease, convey, or encumber city-owned land or to facilitate the lease, conveyance or encumbrance of city-owned land for or to provide financial assistance to, a homeless shelter constructed or allowed by Government Code Section 8698.4. This purchase of equipment for the Interim Housing Solutions Project is done to mitigate the Shelter Crisis and is exempt pursuant to Government Code Section 8698.4 and pursuant to Section 15269(c) of the CEQA Guidelines, as specific actions necessary to prevent or mitigate an emergency.

**CITYWIDE GOALS AND PRIORITIES**

The proposed Interim Housing Solutions Project aligns with the following adopted Citywide Goals and Priorities for 2021-2022:

* Goal 1 – *A City that Works for Everyone* – by addressing encampments and supporting efforts to expand interim housing and service options
* Goal 2 – *Our Environmental Legacy* – through purchase and installation of highly energy-efficient mobile housing units
* Goal 3 - *A Safe Community that Thrives* – by expanding interim housing options for the most vulnerable unsheltered community members with robust on-site supportive services
* Goal 4 - *An Economy that Prospers* – increased interim housing capacity helps reduce the potential of homeless encampments, helping promote Petaluma as a destination for locals and visitors and re-establishing the Petaluma River as a clean and accessible waterway for community use.
* Goal 5 – *Spaces and Places that Inspire* – with interim housing design that provides dignity for unsheltered individuals while incorporating aesthetically pleasing, human-centered design.

**FINANCIAL IMPACTS**

On August 2, 2021, Council approved $1.7 Million of American Rescue Plan Act (ARPA) funding to establish an interim/temporary housing solution The total fiscal impact of the proposed action will allocate $338,000 of ARPA funding for the purchase of 25 shelter units ($300,000) and two office units($38,000) for client services in addition to City staff time.

**ATTACHMENTS**

1. Resolution
2. Interim Housing Solutions Project Conceptual Site Plan
3. City Bid Packet – Public Notice
4. Quickhaven Product Specification Sheet

**ATTACHMENT 1**

Resolution No. 2021-XXX N.C.S. of the City of Petaluma, California

**Resolution Approving the Purchase of Equipment for the City of Petaluma Interim Housing Solutions Project located at 900 Hopper Street, in the amount of $338,000, and Authorizing the City Manager to Execute all Documents Necessary to Complete the Purchase**

**WHEREAS,** the City endeavors to take a proactive approach to creating innovative interim housing solutions for the unsheltered member of the Petaluma Community and addressing homelessness issues in the community; and

**WHEREAS,** as part of the recently passed federal American Rescue Plan Act (ARPA), the City of Petaluma allocated $1.7 Million to establish an interim/temporary housing solution; and

**WHEREAS,** Petaluma would establish an Interim Housing Solutions Project, located at 900 Hopper Street, as part of the Committee on the Shelterless campus, and continue to support an innovative homeless service program in Sonoma County; and

**WHEREAS,** on September 2, 2021, City staff released a request for quotation (RFQ) for procurement of equipment for the Interim Housing Solutions Project that meets the City Purchasing Ordinance; and

**WHEREAS,** in compliance with Chapter 4.04 of the Petaluma Municipal Code the City sent the bid package to ten vendors that expressed interest in the project and received four proposals in response by the RFQ.

**WHEREAS**, Quickhaven was not the lowest price quote; however, based on the useful life, operational costs, alignment with green building codes, Quickhaven’s proposal was best aligned with the specifications listed in the RFQ and for this reason staff recommends that the contract be awarded to Quickhaven as the lowest responsive and responsible bidder; and

**WHEREAS,** it is recommended that Council adopt the resolution allocating $338,000 of the American Rescue Plan Act (ARPA) funds approving the purchase of equipment from Quickhaven in the amount of $338,000 for the purchase of housing shelters and office space for the Interim Housing Solutions Project, and

**WHEREAS,** on September 13, 2021, City Council passed a resolution declaring a Shelter Crisis pursuant to California Government Code Title 2, Division 1, Chapter 7.8 including in particular sections 8698 through 8698.4, effective as of September 14, 2021; and

**WHEREAS**, on September 13, 2021, City Council adopted an urgency ordinance creating flexibility in local standards and procedures for the design and site development of shelters for people experiencing homelessness and structures and facilities; and

**WHEREAS**, the urgency ordinance took effect immediately and permits the City Manager or her designee are authorized in their sole discretion to suspend compliance with local building approval procedures or state or local housing, health, habitability, planning and zoning, or safety standards and procedures, for projects of the City of Petaluma to provide emergency housing on City owned or leased property; except all such projects must comply with the 2019 California Residential Code Appendix X, and California Building Code Appendix O, and any future standards adopted by the Department of Housing and Community Development related to emergency housing or emergency housing facilities; and

**WHEREAS**, the purchase of the equipment from Quickhaven will provide homeless shelters and help mitigate the Shelter Crisis declared; and

**WHEREAS**, the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) as CEQA does not apply to actions taken by a city which has declared a Shelter Crisis to lease, convey, or encumber city-owned land or to facilitate the lease, conveyance or encumbrance of city-owned land for or to provide financial assistance to, a homeless shelter constructed or allowed by Government Code Section 8698.4 and is exempt pursuant to Section 15269(c) of the CEQA Guidelines, as specific actions necessary to prevent or mitigate an emergency. and

**NOW, THEREFORE, BE IT RESOLVED** that the Petaluma City Council hereby:

* 1. Declares the above recitals are hereby declared to be true and correct and are incorporated into this resolution as findings of the City Council.
  2. Finds the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) as CEQA does not apply to actions taken by a city which has declared a Shelter Crisis to lease, convey, or encumber city-owned land or to facilitate the lease, conveyance or encumbrance of city-owned land for or to provide financial assistance to, a homeless shelter constructed or allowed by Government Code Section 8698.4. This purchase of equipment for the Interim Housing Solutions Project is done to mitigate the Shelter Crisis and is exempt pursuant to Government Code Section 8698.4 and pursuant to Section 15269(c) of the CEQA Guidelines, as specific actions necessary to prevent or mitigate an emergency.
  3. Finds that staff complied with the purchasing requirements of Petaluma Municipal Code Chapter 4.04, with the notice inviting bids.
  4. Approves the purchase of equipment from Quickhaven as the lowest responsive and responsible bidder in the amount of $338,000 for the City of Petaluma Interim Housing Solutions Project located at 900 Hopper Street.
  5. Authorizes the City Manager to execute all documents necessary to complete the purchase or modify the conceptual site plan of the Project.