



Office of the City Manager

INFORMATION CALENDAR

June 12, 2018

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Jovan Grogan, Deputy City Manager

Subject: Implementation Update on the City of Berkeley Pathways Project to Address Homelessness in Berkeley

SUMMARY

On April 4, 2017, Council voted to direct the City Manager to implement the Pathways Project to provide stability, navigation and respite to homeless individuals and pathways to permanent housing and services. Since that time, the City has achieved a number of important milestones towards the realization of the Council's original vision for the project, including:

- The allocation of \$400,000 in capital construction costs for the STAIR Center on June 27, 2017;
- The identification of the STAIR site on 2nd St between Cedar and Virginia on October 17, 2017;
- The extension of Berkeley's shelter crisis declaration on October 31, 2017, authorizing the City Manager to expedite expenditure and contracting processes for identifying a nonprofit operator;
- The circulation of a Request for Information in November 2017 to all Berkeley homeless services agencies, and the subsequent identification of Bay Area Community Services (BACS) to operate the STAIR Center and provide a Sustained Outreach Team for encampments;
- The allocation of \$1.9M in General Funds for Pathways operations on December 5, 2017;
- The installation of modular trailers at the 2nd Street Site on December 15, 2017;
- Applied for and received a \$300,000 grant from the Alameda County Unsheltered Homeless Immediate Impact Grant program and re-allocated \$240,000 in flexible housing funds and community donations to support Pathways;

- The approval of a \$2.44M contract with BACS on March 27, 2018 to provide (i) sustained outreach services to Berkeley encampments, (ii) a 24/7, low-barrier, service-rich STAIR Center shelter that allows pets, accommodates couples, and provides storage for belongings, and (iii) flexible funding to rapidly rehouse all STAIR Center guests;
- The construction of water, sewer, and electrical utilities connections to the shelter, shower, and staff office trailers; and
- The acquisition of pro-bono services from an architectural firm to provide site improvements (such as landscaping, exterior furnishings, sun control, fence screening, entry elements, and hard surface improvements), along with the installation of a trailer for laundry machines, in May and June 2018, using money donated to the Berkeley Homeless Fund for these purposes.

CURRENT SITUATION AND ITS EFFECTS

Introduction

On any given night in Berkeley, nearly 700 people sleep in places not meant for human habitation, such as sidewalks, parks, business doorways, and freeway underpasses. With only 166 year-round shelter beds to serve nearly 1,000 people experiencing homelessness, alongside an affordable housing crisis that makes re-obtaining housing for those who lose it a difficult feat, those experiencing homelessness in Berkeley often congregate in encampments—communities born of necessity to satisfy basic human needs like shelter, sleep, and safety in the absence of viable alternatives. However inevitable their formation, though, homeless encampments frequently create serious health and safety risks, both to the residents of the encampments themselves and to surrounding neighbors.

Recognizing the impacts created by Berkeley's acute encampment problem—and recognizing that 97% of homeless people in Berkeley would prefer to live in affordable housing if it were made available to them¹--Council voted unanimously, on April 4th, 2017, to approve the Pathways Project to address homelessness in Berkeley and refer the Project to the City Manager for further development and implementation. This report summarizes the work performed by City Staff, with the support and approval of the Council, since that referral. The report describes the accomplishments to date in four key areas: project planning and conceptual design; budget and program design; capital construction; and site improvements and beautification.

Pathways Project Planning and Conceptual Design

¹ See: https://www.cityofberkeley.info/Clerk/City_Council/2017/07_Jul/Documents/2017-07-25_Item_53_2017_Berkeley_Homeless.aspx

Council's April 4, 2017 referral identified four components for the Pathways Project to help ameliorate unsheltered homelessness in the city: (i) sustained outreach services to move people from encampments to places of greater safety, including shelters and housing; (ii) a low-barrier Center for Stability, Navigation and Respite (STAIR Center) to provide temporary respite for those moving from encampments; (iii) a transitional Bridge Living Community for those who need additional services and supports as they make the transition from street to housing; and (iv) a Homeward Bound program to provide those homeless residents who opt into it the financial means to re-unite with friends and family in other communities.

Health, Housing, and Community Services (HHCS) staff subsequently developed these components into program models that comport with national best practices and federal regulatory mandates. Staff provided a cost estimate associated with each component, and ultimately recommended that Council fund and support a "hybrid" model that would combine elements from all four project components at a significantly reduced cost.²

On June 27, 2018, as part of the Biennial Budget Adoption for Fiscal Years 2018 and 2019, Council allocated \$400,000 in capital construction costs for the hybrid STAIR/Bridge shelter component (henceforth, the hybrid model is referred to as the "STAIR Center"). Significant work remained on conceptual design, however, including the identification of a program site, a program operator, and a scope of services. This work was addressed by City Staff and members of the Ad Hoc Subcommittee on Homelessness throughout the summer of 2017. Staff and Council, along with input from members of the public, discussed and debated various implementation ideas. This process ultimately led to a program design that (i) would temporarily close a block of 2nd Street between Cedar and Virginia in West Berkeley to through-traffic, (ii) install a combination of modular trailer buildings and "tiny homes" on the site, and (iii) provide rapid rehousing and other flexible subsidies to help people successfully exit the program. This final design strove to balance Council's vision with the implementation and funding constraints raised by Staff from multiple departments.

Recognizing that the ultimate program design closely reflected the goals of a new funding opportunity announced earlier in the summer by HUD, HHCS staff applied for a \$1.9M federal grant that would have covered the operating and staffing costs for the "tiny homes" component of the model. Council affirmed their support of this approach with an October 17, 2017 action, directing Staff to implement the Ad Hoc's recommended design in two phases: first, the immediate installation of modular buildings with the already appropriated \$400,000 for capital construction; and second, a "tiny homes" component, if HUD funds were secured.

Budget and Program Development

² See: https://www.cityofberkeley.info/Clerk/City_Council/2017/06_June/Documents/2017-06-27_Item_45_Analysis_and_Recommendations_-_Rev.aspx

On October 31, 2017, Council passed a resolution extending Berkeley's 2016 shelter crisis, and granted the City Manager the authority to waive purchasing and bid requirements for homeless services in response to the crisis. This resolution granted staff the ability to sole source an operating contract for Pathways, streamlining the usual Request for Proposal (RFP) process. Instead of an RFP, HHCS staff circulated a Request for Information (RFI) in November 2017 to all Berkeley homeless services nonprofits, as well as several larger nonprofits in surrounding jurisdictions, seeking a respondent who could present a viable operationalization of the "hybrid" vision for STAIR. The City received two responses to this RFI and ultimately selected Bay Area Community Services (BACS) as the more viable partner, given the scope and complexity of their existing portfolio. BACS accepted the STAIR contract offer in December, 2017, and contract negotiations began immediately after Council allocated \$1.9M in excess equity to fund a year of Pathways activities on December 5, 2017.

Even with these general funds, a viable scope of services for the BACS contract could not be devised without hearing back about the additional HUD funding for Phase Two's Bridge Living Community. On January 11, 2018, HUD announced federal homeless funding competition results. Despite an application that received strong County support, the Bridge Living Community—which would have funded 50 tiny homes for longer, transitional stays—was not awarded funding, meaning Phase Two of the original design would be indefinitely suspended for lack of funding. With clarity on budget and scope, HHCS staff negotiated a 13 month, \$2.44M contract with BACS that utilizes the following funding sources:

- \$1.9M in Berkeley General Funds, allocated on December 5, 2017;
- \$200,000 in Flexible Housing Subsidy Pool funds, allocated on June 27, 2017;
- \$300,000 in Alameda County Housing and Community Development (HCD) Unsheltered Homeless Immediate Impact Grant funds for operations (\$100k) and for flexible housing funds (\$200k); and
- \$40,000 in Berkeley Homeless Fund donations, approved by Council on March 27, 2018 for STAIR staff's start-up costs, such as furniture, computer equipment, etc.

This funding will ultimately support a 45-bed program with 3 FTE housing navigators, 2 FTE outreach workers (to provide Sustained Outreach efforts to Berkeley encampments and fill STAIR bed vacancies directly from encampments), and 8.8 FTE site staff to support a 24/7, low-barrier shelter, and 1 meal/day. The single largest line item in the budget is for flexible housing subsidies, to rapidly rehouse program guests and provide an opportunity for permanent housing to every program client. At \$540,000, this funding provides housing supports for up to 90 individuals, assuming each bed turns over once per year. Given the growing complexity of utilizing rapid rehousing subsidies with high-needs individuals in the East Bay³, the BACS contract budgets for 100% success but conservatively assumes that

³ See: https://www.cityofberkeley.info/Clerk/City_Council/2018/04_Apr/Documents/2018-04-24_Item_39_Rapid_Rehousing_What_it_Can.aspx

75% of program guests will successfully exit to permanent housing, with an average length between program enrollment and housing move-in of 6 months.

Capital Construction

Immediately after the identification of BACS as program operator in December 2017, HHCS and Public Works staff mobilized to install modular trailers at the Second Street site. These modulars were installed on December 17, 2017—weeks after the agreement was reached with BACS—and include:

- Two 24'x60' double-wide trailers for congregate sleeping arrangements;
- A 12'x60' trailer that houses staff offices and meeting space for clients and case managers;
- A 12'x44' restroom and shower trailer;
- An 8'x16' "welcome hut" for program intakes and private meetings;
- A 24'x60' community gathering space with a kitchenette for meals and space for recreation, relaxation, and community meetings;
- An 8'x16' laundry trailer with three washers and three dryers.

Additionally, the program includes two 8'x20' shipping container to accommodate client's belongings during their stays at the site.

Though Council granted the City Manager the authority to execute the program's contract, and thus begin serving clients, on March 27, 2018, the program's projected opening date is set for June 25th. This delay was caused by a key discrepancy between the program's original design and final outcome: while the original STAIR Center vision called for highly temporary accommodations such as port-a-potties and congregate bungalow tents for sleeping, the final design includes showers, flushable toilets, climate-controlled sleeping portables, full-service laundry facilities, and running water in a kitchenette. While these more permanent amenities create a better program environment for clients, they have come with the trade-off of a significant increase in projected water and energy consumption.

Covering this increased demand with fuel generators and water tanks refilled by truck delivery—as was the original plan—would not only be environmentally unsustainable, but would incur serious cost overruns. Installing in-ground water, in-ground sewer, and electrical connections for the trailers, while delaying the program's opening by three months, saved significant utilities expenses over the program's first year alone:

- The budgeted cost for in-ground water, in-ground sewer, and electrical construction is \$381,000, with a three-month construction period. This delayed the program's opening until June, when construction is scheduled to be complete.
- Opening the program in early April instead would incur at least three months of temporary utilities costs, including rental costs (i.e., diesel generators) and servicing (i.e., potable water deliveries) on the order of roughly \$25,000-\$30,000, plus a

projected fuel and generator operations cost of \$151,000. This translates to roughly \$175,000 over three months, or roughly \$700,000 annually—nearly twice the cost of installing in-ground water, in-ground sewer and an electrical connection from PG&E.

Based on the aforementioned, Staff proceeded with installing in-ground water, in-ground sewer and an electrical connection from PG&E.

Philanthropic Support, Site Improvements and Beautification

In the fall of 2017, members of the Council initiated lead an effort to seek both philanthropic donations for the Pathways program. Within a short amount of time, the City received \$100,000 in in donations to the Berkeley Homeless Fund for Pathways. As noted above, \$40,000 of these donations were allocated to start-up costs, such as furniture, computer equipment, etc. Another \$10,000 was allocated to providing laundry facilitates at Pathways and the remaining \$50,000 was allocated to site improvements and beautification of the site.

As part of their October 17, 2017 action on Pathways the Council directed Staff to install simple but meaningful aesthetic and outdoor improvements to create a more welcoming and beautiful program environment. To facilitate this effort, a local architectural firm (Garden Architecture) offered to provide pro-bono design and installation support for site improvements such as landscaping, exterior furnishings, sun control, fence screening, entry elements, and hard surface improvements. The City subsequently entered into a reimbursement agreement with Garden Architecture to reimburse them for material and supply costs for the Pathways Project using a portion of the \$50,000 that was allocated for site improvement and beatification elements. No professional services or labor costs were included in the contract, as Garden Architecture offered to provide those services to the City at no cost.

ENVIRONMENTAL SUSTAINABILITY

No significant environmental impact.

POSSIBLE FUTURE ACTION

Council could decide to fund a second year of operations at the STAIR Center, and/or expand the program to include additional components or serve more clients.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

Unknown at this time.

CONTACT PERSON

Peter Radu, Homeless Services Coordinator, Health, Housing & Community Services Department, (510) 981-5435.

Elmar Kapfer, Supervising Civil Engineer, Public Works Department, (510) 981-6435.