



SUMMARY REPORT

Agenda Date: 6/4/2024

To: Sonoma County Board of Supervisors
Department or Agency Name(s): Department of Health Services
Staff Name and Phone Number: Tina Rivera 707-565-4774
Vote Requirement: 4/5th
Supervisorial District(s): Countywide

Title:

Amendment to Funding Agreement with Sonoma County Community Development Commission for George's Hideaway

Recommended Action:

- A) Authorize the Director of Health Services, or designee, to execute an amendment to a funding agreement with the Sonoma County Community Development Commission, adding an additional \$2.8 million to the 2023 Funding Agreement and extending the term of the Agreement through June 30, 2025.
- B) Adopt a resolution authorizing the redesignation of \$2.8 million in Measure O Emergency from Psychiatric/Crisis Services (Category #3) to Measure O Transitional & Permanent Supportive Housing (Category #5).
- C) Adopt a resolution authorizing budgetary adjustments to the Department of Health Services Fiscal Year 2023-2024 adopted budget, increasing appropriations in the amount of \$2.8 million in Measure O funds to support the amendment to the funding agreement with Sonoma County Community Development Commission

Executive Summary:

The Sonoma County Department of Health Services (hereinafter, "DHS" or "the Department") is requesting Board approval to delegate authority to the Director of DHS, or designee, to execute an Amendment to a Funding Agreement with the Sonoma County Community Development Commission (hereinafter "the Commission") for work revolving around George's Hideaway in order to add an additional \$2.8 million of Measure O funds to the project originally budgeted at \$1.4 million, and to extend the current contract through June 30, 2025 to avoid potential shortfalls. Additionally, the Department is requesting the Board to adopt a resolution authorizing the redesignation of \$2.8 million to match the agreement amendment fiscal needs.

Under a separate item on today's agenda, the Commission is requesting to enter into a Disposition and Development Agreement with West County Community Services for the transfer and development of George's Hideaway.

Discussion:

George's Hideaway is a previously Board approved and partially funded, nearly shovel-ready 21-unit Permanent Supportive Housing (PSH) project located at 18100 Highway 116, in unincorporated western Sonoma County. Located approximately two miles west of downtown Guerneville, the George's Hideaway property consists of three parcels totaling 2.09 acres. The rustic location is forested, with a two-story lodge and duplex, both of which are currently vacant and maintained with security fencing. On April 5, 2022, the Board authorized the Commission to acquire George's Hideaway at a cost of \$985,000 for the purpose of

establishing a Homekey PSH site and authorized then Interim Executive Director of the Commission to execute all documents necessary to complete the transaction.

The George's Hideaway project is partially funded by Project Homekey, a program managed by the state of California providing local government agencies with funds to purchase and rehabilitate housing - including hotels, motels, vacant apartment buildings and other properties, and converting them into permanent, long-term housing for people experiencing or at risk of homelessness. On August 15, 2023, the Board approved \$1.4 million of local Measure O funds to be used by the Commission for capital improvements associated with the conversion of the George's Hideaway project from a hotel into Permanent Supportive Housing. The George's Hideaway project rebuilds the existing lodge to include a navigation and resource center on the ground floor and nine PSH units on the second floor. Twelve additional modular PSH units will be constructed behind the main lodge in a courtyard style setting.

The nearly completed design and entitlement process has resulted in unforeseen costs that if not covered, put the project at risk of missing critical milestones imposed by the State of California Housing and Community Development and losing out on promised housing vouchers. The total financial risk is over \$10.3 million already committed to the development of the project.

The additional expenses are specifically associated with the following requirements:

- Fire suppression infrastructure and hydrants = \$1,000,000
- Earthwork, excavating up to six feet to prepare the site = \$500,000
- Raising the foundation and additional structural work on the main building = \$1,000,000
- Additional design work on modular units to comply with CEQA and ADA requirements = \$500,000

Construction is scheduled to begin in May 2024 and occupancy must be achieved no later than December 2024, which makes the need for additional funding critical to the success of this project. Amendment number one to funding agreement #2023-3126-A00 extends the term end date from June 30, 2024 to a new term end date of June 30, 2025. The purpose of this term extension is to mitigate against any future timing risks that could result in additional shortfalls in the future.

Strategic Plan:

This item directly supports the County's Five-year Strategic Plan and is aligned with the following pillar, goal, and objective.

Pillar: Healthy and Safe Communities

Goal: Goal 4: Reduce the County's overall homeless population by 10% each year by enhancing services through improved coordination and collaboration.

Objective: Objective 2: Identify gaps in the Safety Net system of services and identify areas where departments can address those gaps directly, and seek guidance from the Board when additional resources and/or policy direction is needed.

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

On August 15, 2023 the Board adopted a resolution authorizing the redesignation of \$2 million in Measure O (Category #4-Behavioral Health Homeless and Care Coordination) to Measure O (Category #5-Transitional and Permanent Supportive Housing). Additionally, the Board authorized the Director of Health Services to execute fiscal year 2023-2024 Measure O Transitional and Permanent Supportive Housing contracts including \$1,400,000 to support the Community Development Commission’s work at George’s Hideaway.

On December 6, 2022 the Board authorized the Commission Interim Director to execute a Professional Services Agreement for property management services with Eugene Burger Management Company for management of several properties including George’s Hideaway at a cost of \$136,800 per year and authorized the Community Development Commission Director to execute amendments to the agreement to add and delete properties in the scope of work as they change, up to a not-to-exceed amount of \$200,000 per year. George’s Hideaway was added to the property management services at that time.

On August 2, 2022 the Board authorized the Commission’s Director to enter into a Housing Authority Payment (AHAP) contract, and a Project-Based Voucher Housing Authority Agreement (HAP) for multiple projects including George’s Hideaway.

On April 5, 2022 the Board authorized the Commission to acquire real property at 18100 Highway 116, Guerneville, CA, known as George’s Hideaway.

FISCAL SUMMARY

Expenditures	FY23-24 Adopted	FY24-25 Projected	FY25-26 Projected
Budgeted Expenses			
Additional Appropriation Requested	\$2,800,000		
Total Expenditures	\$2,800,000		
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance - Measure O	\$2,800,000		
General Fund Contingencies			
Total Sources	\$2,800,000		

Narrative Explanation of Fiscal Impacts:

DHS is requesting to move \$2.8 million from Measure O Emergency Psychiatric / Crisis Services fund balance to Measure O Transitional & Permanent Supportive Housing fund balance and program \$2.8 million for the transfer to the Commission via the amended agreement.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

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Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

Attachment 1 - Draft Amendment Number One to Funding Agreement

Attachment 2 - Resignation of Measure O Funds Resolution

Attachment 3 - Budget Resolution

Related Items "On File" with the Clerk of the Board:

None.