



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 10/21/2025

To: County of Sonoma Board of Supervisors

Department or Agency Name(s): Department of Health Services; Community Development Commission

Staff Name and Phone Number: Nolan Sullivan 707-565-7901; Michelle Whitman, 707-565-7504

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Mickey Zane Place Memorandum of Understanding for Building Management Costs

Recommended Action:

1. Authorize the Director of the Department of Health Services, or designee, to execute a Memorandum of Understanding with the Sonoma County Community Development Commission for a term of twenty-four months commencing July 1, 2025, through June 30, 2027, unless terminated earlier, and a not to exceed amount of \$480,000, subject to review and approval by County Counsel.
2. Authorize the Director of Health Services, or designee, to execute modifications to the Memorandum of Understanding in order to address increased service needs, subject to available funding as well as review and approval by County Counsel.

Executive Summary:

Since its purchase by the Sonoma County Community Development Commission in November of 2020, the Mickey Zane Place interim shelter site provided supportive services along with shelter for approximately 40+ clients.

As the title holder, the Sonoma County Community Development Commission is currently responsible for all costs associated with the maintenance and management of the building. The Sonoma County Department of Health Services manages the clients and client services at the site. This item requests the Board authorize the Director of the Department of Health Services, or designee, to execute a Memorandum of Understanding with the Sonoma County Community Development Commission to take on a portion of the maintenance costs for the building and act as a secondary funding support for this site. This is an interim Memorandum of Understanding until both the Sonoma County Community Development Commission and the Department of Health Services can return to the Board with a more strategic, collaborative and inclusive plan for the site and its associated costs.

The term of this Memorandum of Understanding is for 24-months, commencing July 1, 2025, through June 30, 2027, unless terminated earlier by both parties. The total cost of this interim Memorandum of Understanding shall not exceed \$480,000 over the term of the agreement.

Discussion:

In November 2020, the Sonoma County Community Development Commission (CDC) acquired the former Hotel Azura property, located at 635 Mendocino Avenue in Santa Rosa using \$8.8 million in California Project

Homekey Round 1 grant funding from the California Department of Housing and Community Development. The project site, previously known as “the Hotel Azura” and renamed Mickey Zane Place, was established as an interim shelter for individuals and families experiencing, or at risk of, homelessness, with the option to convert the site into permanent supportive housing in the future.

The acquisition and rehabilitation of Mickey Zane Place was part of the County’s strategic response to address unsheltered homelessness, including relocation efforts related to the Joe Rodota Trail encampment and the urgent need for non-congregate shelter during the COVID-19 pandemic.

Under current operations, the CDC owns the facility and manages all associated maintenance responsibilities, while the Department of Health Services (hereinafter, “DHS” or “the Department”) is responsible for program operations, client placement, and provision of supportive services at the site. The cost of building upkeep and maintenance has remained solely with the CDC since the property’s acquisition, and the CDC no longer has a funding source to continue to pay for these expenses.

The proposed Interim Memorandum of Understanding (MOU) between DHS and the CDC outlines a shared responsibility model for facility maintenance and operations. Under the agreement, DHS will reimburse the CDC for eligible maintenance expenses, as detailed in Exhibit A of the MOU, including utilities, repairs, landscaping, pest control, safety inspections, and other allowable costs. This arrangement will allow DHS to assume a proportional share of facility upkeep costs, capped at \$20,000 per month and \$240,000 annually, for a total not-to-exceed amount of \$480,000 over the 24-month term. Reimbursement will be based on actual, documented expenditures, with no rollover of unspent monthly allocations.

The Interim MOU will serve as a bridge agreement, maintaining operational stability at Mickey Zane Place while DHS and the CDC develop a comprehensive, strategic plan for the facility’s long-term use, governance, and cost-sharing structure. Staff anticipate returning to the Board with recommendations for a more permanent agreement and plan before the expiration of the interim term. Approval of this item will enable DHS to participate formally in the financial stewardship of Mickey Zane Place, ensuring continued safe and effective shelter operations while advancing collaborative approaches to addressing homelessness in Sonoma County.

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 3: In collaboration with cities, increase affordable housing development near public transportation and easy access to services.

Objective: Objective 2: Identify and leverage grant funding sources for permanent supportive and affordable housing development.

Racial Equity:

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

No

Prior Board Actions:

On December 6, 2022, the Board authorized the Sonoma County Community Development Commission

Interim Executive Director, or designee, to execute a Professional Services Agreement for property management services with Eugene Burger Management Company for a management fee of \$136,800 per year plus additional unit lease-up fees in the event of any unit turn-over. Proposed term of three years with options for up to two (2) one-year extensions.

On November 10, 2020, the Board Adopt a resolution granting the Interim Executive Director of the Sonoma County Community Development Commission, or designee, authority to execute purchase and sale agreements for the Hotel Azura at 635 Mendocino Avenue in Santa Rosa in the amount of \$7,950,000 and the Sebastopol Inn at 6751 Sebastopol Road in Sebastopol in the amount of \$10,302,704 in the event this project is removed from the waitlist and receives funding. The Board also approved the funding plan of the Hotel Azura with sources of funding for the purchase of \$8,800,000 from California State's Homekey Program, \$2,000,000 in matching funding from one-time discretionary General Fund designated during the FY 2020-21 September Budget Hearings, matching funding of \$200,000 from Whole Person Care Housing Pilot Program, and \$1,056,000 in operating subsidies from the Homekey Program.

FISCAL SUMMARY

Expenditures	FY 25-26 Adopted	FY 26-27 Projected	FY 27-28 Projected
Budgeted Expenses	\$240,000	\$240,000	
Additional Appropriation Requested			
Total Expenditures	\$240,000	\$240,000	0
Funding Sources			
General Fund/WA GF			
State/Federal	\$240,000	\$240,000	
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
Total Sources	\$240,000	\$240,000	0

Narrative Explanation of Fiscal Impacts:

The Fiscal Year 2025-2026 Adopted Budget includes sufficient appropriations to support \$240,000 in building maintenance costs for Mickey Zane Place. Funding is provided through the Behavioral Health Bridge Housing (BHBH) Grant. The two-year agreement will not exceed \$480,000.

Future year funding and expenditures will be included in the appropriate annual budget request.

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

Agenda Date: 10/21/2025

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

Attachment 1: Draft Memorandum of Understanding

Related Items “On File” with the Clerk of the Board: None