



**Agenda Item 6**  
**October 5, 2016**

**DATE:** September 26, 2016

**TO:** Children and Families Commission of Orange County

**FROM:** Kimberly Goll, Executive Director *Kimberly Goll*

**ACTION:** Adopt resolution authorizing agreement with Shelter Providers of Orange County, Inc., dba HomeAid Orange County, Inc. and Mercy House for the Family Care Center Emergency Shelter

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**SUMMARY:**

The Children and Families Commission of Orange County entered a catalytic partnership agreement with HomeAid Orange County in 2012 to build emergency shelters to house homeless pregnant women and families with young children. This item requests authorization to enter a three-party agreement with HomeAid Orange County and Mercy House for the new Family Care Center emergency shelter in the city of Orange.

**DISCUSSION:**

In February 2012, \$7 million of catalytic funding was approved for HomeAid Orange County to support the construction and operation of emergency shelter projects throughout the county that focus on the unique needs of families with young children. The intent of the catalytic investment is to expand the availability of emergency shelters while reducing the demand for the Family Redirection program, which has an annual cost of \$300,000.

HomeAid managed two processes to request applications from qualified service providers in July 2013 and September 2015. Six projects have been approved for funding and four have executed contracts, which represent a combined 50 unit increase to the county's emergency shelter system. These units are anticipated to serve 206 families. The total Commission investment to date is over \$3.76 million.

**Family Care Center Project**

In September 2015, HomeAid Orange County purchased a building in the city of Orange that will be rehabilitated and named the Family Care Center. The new Center will provide emergency shelter for up to 120 families annually. The majority of the families served will include children between the ages of 0-5.

In July 2016, HomeAid initiated a competitive process and selected Mercy House to operate the Family Care Center emergency shelter facility. Mercy House is a highly qualified provider with experience in both housing and comprehensive support services for a variety of homeless populations including families with young children.

Mercy House incorporated in 1987 to address the needs of the homeless population. They are committed to high quality facilities that provide the best professional staff and case management. Their mission is to be a leader in ending homelessness by providing dignified housing opportunities, programs and supportive services. Mercy House currently operates emergency and transitional housing projects throughout southern California and Arizona.

Authorization to enter a five-year, three-party agreement with HomeAid Orange County and Mercy House is recommended for the operation of the Family Care Center in the city of Orange. The total recommended funding amount of \$1,357,500 million is available in the Commission's Emergency Shelter Catalytic fund. Mercy House will be required to provide quarterly reports to the Commission and HomeAid with the number of young children served, demographics, length of stay, and services provided while in the Family Care Center. The term and conditions of the agreement with Mercy House are detailed in Attachment 1.

#### **STRATEGIC PLAN & FISCAL SUMMARY:**

The recommended actions presented in this staff report have been reviewed in relation to the Commission's Strategic Plan and are consistent with Strong Families goal area. The funding is available in the Round 2 Catalytic Funding allocation to HomeAid Orange County and is reflected in the annual budgets.

#### **PRIOR COMMISSION ACTIONS:**

- April 2016 – Adopted resolution with Family Ministries and Shelter Providers of Orange County, Inc., dba HomeAid Orange County, Inc. for a term of 20 years and in an amount not to exceed \$1,045,000
- May 2015 – Catalytic Emergency Shelter funding approved
- May 2014 – Funding allocation for emergency shelters
- February 2012 – Approved implementing actions for Round 2 catalytic investments

#### **RECOMMENDED ACTION:**

Adopt resolution authorizing Executive Director or designee and Commission Counsel to prepare agreement FCI-HA-07 with Shelter Providers of Orange County, Inc., dba HomeAid Orange County, Inc. and Mercy House for the Family Care Center Emergency Shelter for a five-year term in an amount not to exceed \$1,357,500.

#### **ATTACHMENTS:**

1. Mercy House CFC Catalytic Investment Emergency Shelter Project Terms and Conditions
2. Resolution

**Contact:** Kimberly Goll

<b>Mercy House</b> <b>CFC Catalytic Investment Emergency Shelter Project</b> <b>Terms and Conditions</b>	
<b>Background</b>	<p>In September 2015, HomeAid Orange County purchased a building that meets strict “by-right” zoning requirements for an Emergency Shelter. The 9,800 square foot building is located at 1130-1140 North Citrus Street in the City of Orange in an area that allows an emergency shelter through Senate Bill 2 (referred to as SB2). Commission funding was not used for the purchase nor is it planned for use for the rehabilitation of the building. The facility will have the capacity to provide emergency shelter to 56 individuals (an estimated 10-15 families) at a time with the ability to serve an estimated 80 to 120 families annually based on a maximum 45-day stay. The purchase price for the building was \$1,680,000.</p> <p>In July 2016, HomeAid Orange County released a Request for Application (RFA) to select an emergency shelter provider to operate the newly acquired site once renovated. That selection process was completed in late September with Mercy House being the selected provider. The RFA process included application review by a panel of housing, legal, and homeless experts, and approvals by HomeAid’s Housing Committee and full board.</p> <p>Mercy House provides housing and comprehensive supportive services for a variety of homeless populations which includes families, women, mothers and their children. Mercy House is also the County of Orange’s selected contractor for the cold weather emergency shelter programs and has operated the Commission funded Family Redirection program since its inception.</p>
<b>Property Description</b>	<p><i>Structure and Location</i>                      The Property is a commercial building built in 1963-1965 which underwent rehabilitation 2011. The building is approximately 9,880 square feet of usable space on an 18,630 square foot lot (0.43 acre). There are 16 on-site parking spaces, including one handicap accessible space. Currently the building has two ADA accessible bathrooms and showers, and glass, “store-front” entrance. It is located near the corner of North Batavia and West Struck which is also the intersection where the Orange Police Department has their headquarters. The Family CareCenter is one quarter mile from the nearest OCTA bus stop (Katella/Batavia).</p> <p><i>Zoning and Uses</i>                      The general land use designation for the property is Commercial/Light Industrial, and the zoning designation is M2 Industrial. Per the Orange Zoning Code and SB 2, housing homeless families on a temporary basis is allowed “by right” and does not require a conditional use permit. The nearest school to the Family CareCenter is located approximately 2,500 feet away.</p> <p><i>Rehabilitation for Emergency Shelter Use</i>                      Proposed renovations include adding four full bathrooms and showers and two half-bathrooms; adding two unisex bathroom in the office/intake area; and using 3,360 square feet of sleeping area for 56 individuals. The existing store front area will be renovated to include staffing offices and a client intake area. In addition, other improvements include the following: kitchen, food preparation and dining area, common area for meetings/child care, storage areas to secure client’s belongings; private area for referral services/counseling, computer/technology center and laundry facilities. The exterior renovations will include an outdoor recreation area, bike racks, security lighting, additional parking and updated façade.</p>

	<p>HomeAid Orange County’s strategic plan is to renovate the building for use as an emergency shelter with the capacity to serve up to 56 individuals (with the potential ability to increase total capacity to 100 individuals per the SB 2 ordinance). HomeAid Orange County anticipates that 70% or more of families served will include children between the ages of 0 to 5.</p>																												
<p><b>Program Overview</b></p>	<p>An independent review panel selected Mercy House’s proposal to operate the Family CareCenter. Consistent with the application submitted, Mercy House will provide:</p> <ul style="list-style-type: none"> <li>• low-threshold short term interim housing to homeless families with children;</li> <li>• goal of the program is to place families into permanent housing within 30 days and not to exceed a 45-day stay;</li> <li>• integrate the CareCenter into the large Continuum of Care and serve as a satellite of the year Round Emergency Shelter (Family Redirection Program) and the Multi-Service Center;</li> <li>• connect all eligible families to rapid re-housing resources (provides opportunity for the family to lease an apartment immediately with support services offered);</li> <li>• case management provided on-site with linkages to counseling, childcare, medical and dental services; and,</li> <li>• career counseling provided on-site through a partnership with CareerWise as well as access to on-site internet, fax and phone service for job search.</li> </ul>																												
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<p><b>Financing</b></p>	<p><i>Estimated Project Costs</i></p> <table border="1" data-bbox="479 1081 1372 1360"> <thead> <tr> <th></th> <th><b>Costs</b></th> <th colspan="2"><b>Revenue</b></th> </tr> <tr> <th></th> <th></th> <th><b>Leveraged</b></th> <th><b>Commission</b></th> </tr> </thead> <tbody> <tr> <td>Purchase</td> <td>\$1,680,000</td> <td>\$1,680,000</td> <td>\$0</td> </tr> <tr> <td>Rehabilitation</td> <td>\$1,604,600</td> <td>\$1,604,600</td> <td>\$0</td> </tr> <tr> <td>Operations (5yrs)</td> <td>\$2,262,300</td> <td>\$962,300</td> <td>\$1,300,000</td> </tr> <tr> <td>Project Management</td> <td>\$57,500*</td> <td>\$0</td> <td>\$57,500*</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>\$5,604,400</b></td> <td><b>\$4,246,900</b></td> <td><b>\$1,357,500</b></td> </tr> </tbody> </table> <p>*Project management is not included in per unit cost allocation as it is not paid to the Shelter provider but is part of the administrative oversight provided by HomeAid.</p> <p><i>Leveraged Funding - Bank Loan</i></p> <p>HomeAid Orange County purchased the property with a down payment of \$380,000 and a standard business loan for \$1,300,000. The HomeAid Orange County Board of Directors has committed to raising the additional \$1,300,000 (\$433,000 annually) of leveraged funding needed to offset the purchase of the property. In addition, HomeAid Orange County is working diligently to seek charitable and in-kind donations to reduce the costs of the proposed renovations, estimated to be \$1,604,600. To date, the HomeAid Orange County has received nearly \$200,000 in in-kind donations for the design and pre-construction costs alone. Furthermore, HomeAid Orange County has secured Driver SPG as the Builder Captain who will donate additional services and profit and anticipates a reduction of 30% or more for remaining hard-costs of construction.</p>		<b>Costs</b>	<b>Revenue</b>				<b>Leveraged</b>	<b>Commission</b>	Purchase	\$1,680,000	\$1,680,000	\$0	Rehabilitation	\$1,604,600	\$1,604,600	\$0	Operations (5yrs)	\$2,262,300	\$962,300	\$1,300,000	Project Management	\$57,500*	\$0	\$57,500*	<b>TOTAL</b>	<b>\$5,604,400</b>	<b>\$4,246,900</b>	<b>\$1,357,500</b>
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	<p>HomeAid Orange County has a robust capital campaign in operation to seek charitable donations to pay off the loan as quickly as possible and aid in the renovations. Initial pledges and gifts received total \$665,000 to date.</p> <p><i>Proposed Commission Contribution</i></p> <p>HomeAid is proposing an allocation to Mercy House of \$1,300,000 in funding from the Commission’s Catalytic Emergency Shelter investment. The Commission funds will be used for 5 years of operating support. The Commission will also fund \$57,500 for project management for both construction/rehabilitation and grant monitoring until the completion of 5 years of operations.</p>
<p><b>Operating Support</b></p>	<p>All of the \$1,300,000 in Commission funding will support the Family CareCenter operations over a five year period, with an average annual allocation of \$260,000. These payments will be made in arrears consistent with existing Commission standard terms and conditions. During this time, Mercy House will provide quarterly reporting to the Commission and HomeAid Orange County that details the number of 0-5 eligible families and their demographics, the length of stay, the services provided while in the Family CareCenter, and the leveraged funding and resulting outcome of service (for example number of families in permanent housing). HomeAid and Commission staff will review and analyze the program data annually.</p> <p><i>Project Management</i></p> <p>Under the Commission’s Emergency Shelter Catalytic agreement, there is a provision allowing HomeAid to provide both project management during the construction phase as well as ongoing management for the services provided. Included below is a description of the project management proposed for this shelter.</p> <ul style="list-style-type: none"> <li>● Mercy House will be required to develop and implement a business plan that will be approved by HomeAid. The business plan must include strategies for sustainability and leveraging, ongoing maintenance of the facility, programmatic strategies and outcomes, and linkages to countywide planning and resources.</li> <li>● HomeAid Orange County will ensure project development, design, construction monitoring, project investment oversight and relationship management with corporate donors, trade contractors, suppliers and builder captain/general contractor.</li> <li>● Ongoing monitoring of data reported on project and the development of corrective actions plans if targets are not being met.</li> </ul>
<p><b>Conditions to be met prior to Payment</b></p>	<p>Mercy House and HomeAid agree that prior to the release of Commission funding the following conditions must be met:</p> <ul style="list-style-type: none"> <li>● Execution of a three-party agreement between HomeAid, Mercy House, and the Commission setting forth the rights and responsibilities of each party pursuant to the approved terms and conditions for the project.</li> <li>● Entitlement approvals and building permits for renovation of the facility for new use and occupancy received from the City of Orange</li> <li>● HomeAid OC will provide a Deed of trust to the Commission demonstrating ownership of the property by HomeAid OC.</li> </ul>

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**

**RESOLUTION NO. \_\_\_-16-C&FC**

**October 5, 2016**

**A RESOLUTION OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY DIRECTING THE EXECUTIVE DIRECTOR OR DESIGNEE AND COMMISSION COUNSEL TO PREPARE AND NEGOTIATE AGREEMENT FCI-HA-07 WITH SHELTER PROVIDERS OF ORANGE COUNTY, INC., DBA HOMEAID ORANGE COUNTY, INC., AND MERCY HOUSE LIVING CENTERS FOR THE FAMILY CARE CENTER EMERGENCY SHELTER; AND, AUTHORIZING APPROVAL AND EXECUTION OF SUCH AGREEMENT ON BEHALF OF THE COMMISSION**

**WHEREAS**, in order to facilitate the creation and implementation of an integrated, comprehensive, and collaborative system of information and services to enhance optimal early childhood development, the legislature adopted legislation set forth in the California Children and Families Act of 1998, Health and Safety Code Section 130100, *et seq.* (as amended, the “Act”) implementing the Children and Families First Initiative passed by the California electorate in November, 1998 and establishing the California Children and Families Commission and County Children and Families Commissions, including this Children and Families Commission of Orange County (“Commission”); and

**WHEREAS**, Commission adopted its Strategic Plan to define how funds authorized under the Act and allocated to the Commission should best be used to meet the critical needs of Orange County’s children prenatal to five years of age as codified in the Act; and

**WHEREAS**, the Executive Director and Commission Counsel have prepared a standard Operational Agreement which was approved by the Commission; and

**WHEREAS**, Commission desires to authorize the Executive Director, or designee, and Commission Counsel to prepare and negotiate Agreement FCI-HA-07 with Shelter Providers of Orange County, Inc., dba HomeAid Orange County, Inc., and Mercy House Living Centers, in an amount not to exceed \$1,357,500 a period of five (5) years as identified in the staff report for the October 5, 2016 Commission meeting for the Family Care Center Emergency Shelter on the terms and conditions as described in Attachment 1 therein; and

**WHEREAS**, Commission has reviewed the staff report for the October 5, 2016 Commission meeting relating to the scopes of services to be provided and hereby finds and determines that the proposed Agreement is in furtherance of and consistent with the Commission’s Strategic Plan; and

**WHEREAS**, Commission desires to authorize the Commission Chair and Commission Clerk to execute Agreement FCI-HA-07 with Shelter Providers of Orange County, Inc., dba HomeAid Orange County, Inc., and Mercy House Living Centers, for the terms and in the amounts and on the conditions as specified in Attachment 1 to the October 5, 2016 staff report for this Agenda Item.

**NOW, THEREFORE BE IT RESOLVED BY THE COMMISSIONERS OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY AS FOLLOWS:**

**Section 1** Commission finds and determines the foregoing Recitals are true and correct and are a substantive part of this Resolution.

**Section 2** Commission authorizes the Executive Director, or designee, and Commission Counsel to prepare and negotiate the terms, conditions, and final form of Agreement FCI-HA-07 with Shelter Providers of Orange County, Inc., dba HomeAid Orange County, Inc., and Mercy House Living Centers, in an amount not to exceed \$1,357,500, for the Family Care Center Emergency Shelter consistent with the staff report for this Agenda Item and scope of services referenced therein.

**Section 3** The form of Agreement FCI-HA-07 with Shelter Providers of Orange County, Inc., dba HomeAid Orange County, Inc., and Mercy House Living Centers, shall be substantially similar to the form of the standard Operational Agreement, subject to minor, non-substantive revisions as reviewed and approved by the Executive Director. The approval by the Executive Director of Agreement FCI-HA-07 shall be conclusively evidenced by the execution and delivery of the Agreement by the Commission Chair to the Commission Clerk.

**Section 4** Commission hereby approves Agreement FCI-HA-07 with Shelter Providers of Orange County, Inc., dba HomeAid Orange County, Inc., and Mercy House Living Centers, as specified in the October 5, 2016 staff report for this Agenda Item.

**Section 5** The Commission Chair and the Clerk of the Commission are hereby authorized to execute and attest, respectively, the Agreement on behalf of the Commission.

**Section 6** A copy of the final Agreement when executed by the Commission Chair and attested by the Clerk of the Commission shall be appended hereto as a part of Exhibit A to this Resolution. Exhibit A is hereby fully incorporated as a part of this Resolution by this reference and made a part hereof. The final executed Agreement shall be placed on file in the office of the Clerk of the Commission.

**Section 7** In addition to the authorization of Section 2 above, the Executive Director (or his designee) is hereby authorized, on behalf of the Commission, (i) to sign all documents necessary and appropriate to carry out and implement the Agreement, (ii) to cause the issuance of warrants, (iii) to administer the Commission's obligations, responsibilities, and duties to be performed under such agreement, and (iv) during the term thereof to provide waivers, administrative interpretations, and minor modifications of the provisions of such agreement in the furtherance thereof.

**Section 8** The Clerk of the Commission shall certify to the adoption of this Resolution.

The foregoing resolution was passed and adopted by the following vote of the Children and Families Commission of Orange County on October 5, 2016 to wit:

AYES           Commissioners: \_\_\_\_\_

NOES:           Commissioner(s): \_\_\_\_\_

EXCUSED:      Commissioner(s): \_\_\_\_\_

ABSTAINED:   Commissioner(s) \_\_\_\_\_

\_\_\_\_\_  
CHAIR

STATE OF CALIFORNIA)  
  )  
COUNTY OF ORANGE )

I, ROBIN STIELER, Clerk of the Commission of Orange County, California, hereby certify that a copy of this document has been delivered to the Chair of the Commission and that the above and foregoing Resolution was duly and regularly adopted by the Children and Families Commission of Orange County.

**IN WITNESS WHEREOF**, I have hereto set my hand and seal.

\_\_\_\_\_  
**ROBIN STIELER**  
Clerk of the Commission, Children and Families Commission of  
Orange County, County of Orange, State of California

Resolution No: \_\_-16-C&FC

Agenda Date: October 5, 2016

Item No.



I certify that the foregoing is a true and correct copy of the Resolution adopted by the

Robin Stieler, Clerk of the Commission

By: \_\_\_\_\_  
Deputy

**EXHIBIT A TO RESOLUTION OF COMMISSION**

(Attach copy of final executed Agreement FCI-HA-07 with Shelter Providers of Orange County, Inc., dba HomeAid Orange County, Inc., and Mercy House Living Centers)