



## EXECUTIVE SUMMARY

### HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

**MEETING DATE:** June 12, 2020

HCR20-047

**SUBJECT:** Approval of Contract Renewal between San Diego Housing Commission (Housing Commission) and Mental Health Systems (MHS) to Operate the City of San Diego's Transitional Storage Center, Currently Known as the Storage Connect Center I, at 116 South 20th Street, San Diego, California 92113; Approval of the Execution of an Initial Contract and Approval of the Allocation and Expenditure of Funds for the City of San Diego's Transitional Storage Center, currently known as the Storage Connect Center II, at Lea Street Terminus, San Diego, California 92105, at its Current Capacity of 500 Storage Units at any one time; and Approval of Proposed Memorandum of Understanding between the Housing Commission and the City of San Diego for the Provision of Transitional of Storage Centers

**COUNCIL DISTRICT(S):** 8 and 9

**ORIGINATING DEPARTMENT:** Homeless Housing Innovations

**CONTACT/PHONE NUMBER:** Lisa Jones (619) 578-7696

**REQUESTED ACTION:**

Recommend approval of the execution of the second renewal option of the contract and approval of the allocation and expenditure of funds to support the payment of building lease costs for the City of San Diego's Transitional Storage Center, currently known as the Storage Connect Center I, at 116 South 20th Street, San Diego, California 92113, at its current capacity of 500 storage units at any one time; recommend approval of the execution of an initial contract and approval of the allocation and expenditure of funds for the City of San Diego's Transitional Storage Center, currently known as the Storage Connect Center II, at Lea Street Terminus, San Diego, California 92105, at its current capacity of 500 storage units at any one time; and recommend approval of the proposed Memorandum of Understanding (MOU) between the San Diego Housing Commission and the City of San Diego for the provision of both Transitional Storage Centers.

**EXECUTIVE SUMMARY OF KEY FACTORS:**

- The proposed actions referenced in this report will allow the Housing Commission to exercise agreements for the operations of the City's Transitional Storage Centers and authorize the approval of an MOU with the City to administer the programs and Agreements.
- Execution of the operator agreements is contingent on the execution and approval of the HHAP MOU between the City and the Housing Commission.
- The purpose of this program is to have secure, protected space for individuals experiencing homelessness to store and have access to their personal belongings.
- The City will commit HHAP funding of \$1,249,942.00 toward the Storage Connect Center I, and \$720,664 toward the Storage Connect Center II.



## REPORT

**DATE ISSUED:** June 4, 2020

**REPORT NO:** HCR20-047

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of June 12, 2020

**SUBJECT:** Approval of Contract Renewal between San Diego Housing Commission (Housing Commission) and Mental Health Systems (MHS) to Operate the City of San Diego's Transitional Storage Center, Currently Known as the Storage Connect Center I, at 116 South 20th Street, San Diego, California 92113; Approval of the Execution of an Initial Contract and Approval of the Allocation and Expenditure of Funds for the City of San Diego's Transitional Storage Center, currently known as the Storage Connect Center II, at Lea Street Terminus, San Diego, California 92105, at its Current Capacity of 500 Storage Units at any one time; and Approval of Proposed Memorandum of Understanding between the Housing Commission and the City of San Diego for the Provision of Transitional of Storage Centers

**COUNCIL DISTRICT:** 8 and 9

### **REQUESTED ACTION**

Recommend approval of the execution of the second renewal option of the contract and approval of the allocation and expenditure of funds to support the payment of building lease costs for the City of San Diego's Transitional Storage Center, currently known as the Storage Connect Center I, at 116 South 20th Street, San Diego, California 92113, at its current capacity of 500 storage units at any one time; recommend approval of the execution of an initial contract and approval of the allocation and expenditure of funds for the City of San Diego's Transitional Storage Center, currently known as the Storage Connect Center II, at Lea Street Terminus, San Diego, California 92105, at its current capacity of 500 storage units at any one time; and recommend approval of the proposed Memorandum of Understanding (MOU) between the San Diego Housing Commission and the City of San Diego for the provision of both Transitional Storage Centers.

### **STAFF RECOMMENDATION**

That the San Diego Housing Commission (Housing Commission) recommend that the Housing Authority of the City of San Diego (Housing Authority) and the San Diego City Council (City Council) take the following actions:

#### **Housing Authority:**

- 1) Upon the execution of a Homeless Housing, Assistance and Prevention (HHAP) Program Memorandum of Understanding (MOU) between the City of San Diego (City) and the Housing Commission, approve the execution of the second one-year renewal option and fourth amendment of the Agreement with Mental Health Systems (MHS), contingent on necessary City approvals, if any, to operate the Transitional Storage Center, currently known as the Storage Connect Center I, located at 116 South 20<sup>th</sup> Street, San Diego, California 92113, for a term of July 1, 2020, through June 30, 2021, at current capacity of up to 500 storage units at any one time with an annual budget amount of \$1,249,942.00, on terms and conditions as set forth in the Agreement, as it may be

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amended upon advice of General Counsel of the Housing Commission;

- 2) Upon the execution of a HHAP MOU between the City and the Housing Commission, approve the execution of an initial one-year contract using a sole source justification, contingent on necessary City of San Diego approvals, if any, to operate the Transitional Storage Center, currently known as the Storage Connect Center II, located at Lea Street Terminus, San Diego, California 92105, for a term of July 1, 2020, through June 30, 2021, at current capacity of up to 500 storage units at any one time with an annual budget amount of \$720,664, on terms and conditions as set forth in the Agreement, as it may be amended upon advice of General Counsel of the Housing Commission;
- 3) Authorize the Housing Commission's President & CEO, or designee, to take such actions as are reasonably necessary to implement the approvals referenced in this report;
- 4) Authorize the Housing Commission's President & CEO, or designee, to substitute funding sources and/or increase compensation by not more than 20 percent of the total agreement amounts for the proposed agreements, if necessary, without further action by the Housing Commission Board of Commissioners (Board), but only if and to the extent that funds are determined to be available for such purposes; and
- 5) Authorize approval of the proposed Memorandum of Understanding between the Housing Commission and the City of San Diego specific to the provision of both the Transitional Storage Centers.

**City Council:**

Authorize approval of the proposed Memorandum of Understanding between the Housing Commission and the City of San Diego specific to the provision of both the Transitional Storage Centers.

**SUMMARY**

The Housing Commission administers the agreements for the City of San Diego's (City) Homeless Shelters and Services Programs based on a Memorandum of Understanding (MOU) between the Housing Commission and the City that first took effect on July 1, 2010. The Housing Commission further administers agreements on behalf of the City to operate the Transitional Storage Center programs. The proposed actions referenced in this report will allow the Housing Commission to exercise the second renewal option of the Agreement to extend program services at the Storage Connect Center I through June 30, 2021; allow the Housing Commission to enter into a one-year initial Agreement with Mental Health Systems to operate the Storage Connect Center II beginning July 1, 2020, through June 30, 2021; and authorize approval of the proposed Memorandum of Understanding between the Housing Commission and the City to administer the programs and Agreements on behalf of the City.

Execution of the operator agreements as set forth in this report is contingent on the execution and approval of the HHAP MOU between the City and the Housing Commission. All HHAP grant terms will be included in the operator agreements.

**PROGRAM OVERVIEW**

The purpose of this program is to have secure, protected space for individuals experiencing homelessness

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(Clients) in the City to store their personal belongings on an ongoing basis, and have access to their belongings during hours of operation. Each Client will have access to storage space of approximately 95 gallons free of charge.

Mayor Kevin L. Faulconer announced the plans for the Storage Connect Center I in his State of the City Address on January 11, 2018. The Center opened on June 13, 2018. The Storage Connect Center I helps keep homeless San Diegans' belongings off of downtown streets, sidewalks and storefronts by providing a safe place for individuals experiencing homelessness to keep their belongings as they look for work, attend classes, or meet with a service provider or doctor. As of February 29, 2020, 87 persons were on the waiting list for the Center operated by MHS, and the City's Homeless Transitional Storage Center operated by Think Dignity at 252 16<sup>th</sup> Street had a waiting list of 125 individuals experiencing homelessness. The 2019 Annual Point-in-Time Count of individuals experiencing homelessness identified 2,600 unsheltered individuals experiencing homelessness in the City of San Diego on any given night.

On November 18, 2019, the Storage Connect Center II opened at another location in San Diego on Lea Street Terminus in the 92105 ZIP code. The Storage Connect Center II operates in the same capacity as the Storage Connect Center I, providing 500 storage bins to persons experiencing homelessness in the City. MHS was selected by the City to operate the Storage Connect Center II utilizing the same general standards and property management requirements as the Storage Connect Center I. In April 2020, the City announced the intent to transfer the administration of the program and Agreement to the Housing Commission.

### General Standards

The Storage Connect Center I and Storage Connect Center II must be operated according to the General Standards contained in the respective Agreements. In this renewal term for the Storage Connect Center I, MHS will continue to be held to the expectation detailed in the Scope of Work and the high performance they have maintained in the second operating year. The general standards also apply to the Storage Connect Center II during the initial one-year contract. At both sites, MHS will ensure:

- Service delivery will be Client-focused. Center Staff and all persons who interact with Clients will be trained on homeless population service provision, positive engagement and general customer service standards that addresses the needs of the target population.
- Adequate staffing with appropriate ongoing training for service delivery and data collection and analysis.
- 24-hour security to ensure a safe environment at the Center for Clients, volunteers and others who may come in contact with the Center.
- Designated point-of-contact who is available at all times to address issues that may arise at the Center and coordinate security issues with the San Diego Police Department.
- Compliance with Fire Marshal inspections and recertifications as needed.
- Appropriate policies and procedures are in place for Center operations, including low-barrier Terms of Service, which will be displayed on-site at all times, and various means for Clients to provide input into the Center.
- Data entry, analysis and reporting of all Center activities in the Regional Task Force on the Homeless approved Homeless Management Information System.

### Property Management

As the operator of the Storage Connect Center I and Storage Connect Center II, MHS must provide property management services to ensure a safe, secure, and healthy environment. MHS will:

- Maintain a secure and healthful environment for delivery of all services.
- Provide for:
  - Operating supplies;
  - Site control;
  - Prompt maintenance and repair;
  - Utilities;
  - Security;
  - Janitorial services;
  - Waste removal and disposal; and
  - Other Center-related items.
- Provide secure entry/exit for Clients and others to be monitored by Center Staff.
- Provide maintenance and upkeep of forklift, but only if authorized by the Housing Commission.
- Develop a fire escape emergency plan for approval by the Fire Marshal and the Housing Commission.
- Permanently maintain a fire watch. A fire watch, or fire lookout, monitors a building or area at risk of fire. The person or people designated as the fire watch must check for fires and fire threats within the building or area.
- Provide a written drug and alcohol-free policy for staff that is posted/displayed at the Center site at all times; the written policy shall include and describe the disciplinary action to result from the illegal use, consumption, distribution and/or possession of drugs and/or alcohol.
- Maintain the Centers, at all times, in an orderly and vermin-free condition.
- The Centers are to be used as a storage facility only. Operation of the storage facility shall not create any conditions that amount to a public nuisance and shall not be detrimental to the residential neighborhood by causing increased noise, traffic, lighting, odor, or by violating any applicable ordinance or laws.
- Enter into a sub-lease agreement with the City for the Centers as determined by the City, setting forth all maintenance and repair obligations.

### **PROGRAM OUTCOMES AND PERFORMANCE STANDARDS**

The Storage Connect Center I and the Storage Connect Center II are operated by MHS. The Storage Connect Center I is open Monday through Friday from 7 a.m. to 7 p.m., and Saturday and Sunday from 8 a.m. to 11 a.m. The Storage Connect Center II is opened Monday through Friday from 8 a.m. to 5 p.m., and Saturday and Sunday from 8 a.m. to 11 a.m. Due to the pending transfer of the Storage Connect Center II Agreement to the Housing Commission, outcomes data is unavailable for inclusion in this report. However, the Housing Commission anticipates collecting data points for similar outcomes measurements for the Storage Connect Center II. Thus, the tables below provide an overview of data captured from Storage Connect Center I opening on June 13, 2018, to February 29, 2020.

The Storage Connect Center I has seven inventory specialists on staff, including two bilingual inventory specialists, conducting client intakes and storage bin assignments, as well as assisting clients with ongoing access to containers in a supervised staging area. Pursuant to the Housing Authority approval of the operating agreement (Resolution No. HA-1777), the Storage Connect Center I provides a maximum of 500 storage bins<sup>1</sup> that can be utilized at any one time. As of February 29, 2020, an average of 496 bins were

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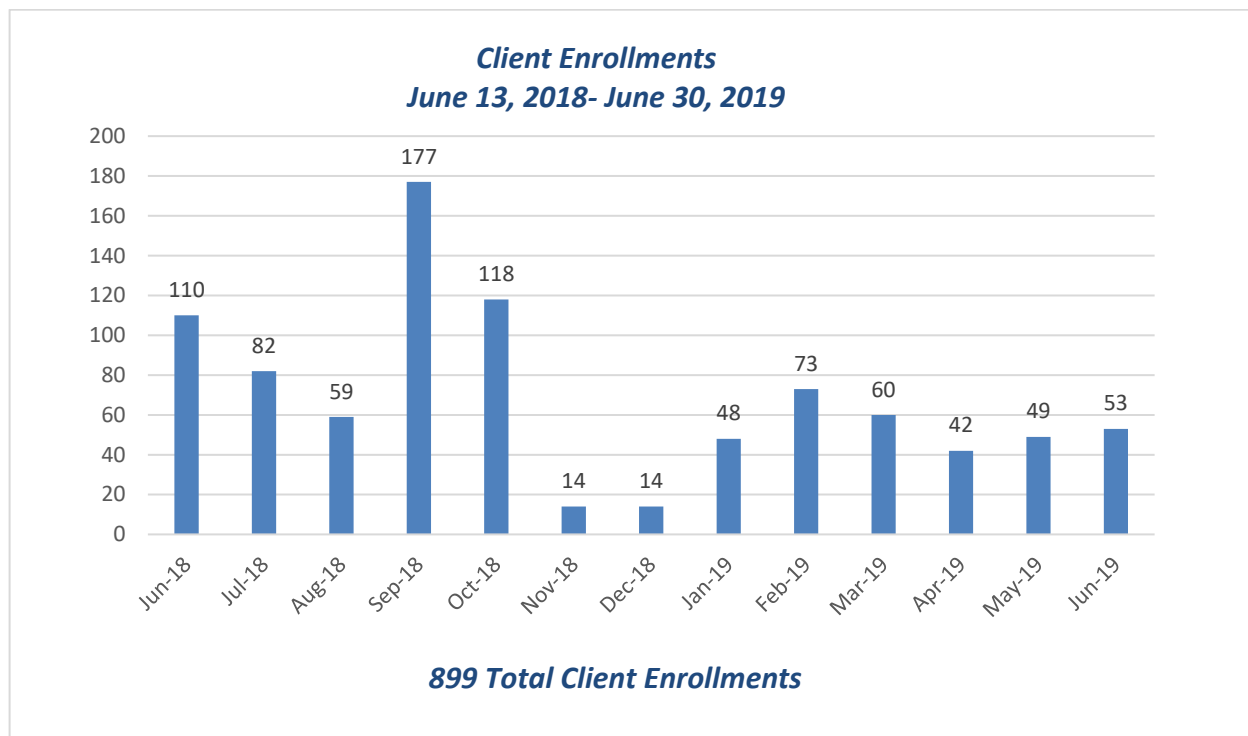
<sup>1</sup> The Housing Authority and the City Council mandated a maximum of 500 storage units in the March 2018 approval for operation of the Center.

assigned to clients. In total, the Storage Connect Center I has enrolled and served 1,217 distinct, unduplicated clients. A total of 51,537 Client return check-ins have occurred at the Storage Connect Center I from its opening on June 13, 2018, through February 29, 2020. The average length of use for Clients who have stayed enrolled in the program is 248 days (eight months), while the average length of use for Clients who have exited the program is 182 days (six months).

From the Storage Connect Center I opening through February 29, 2020, MHS has noted many successes. These include but are not limited to:

- Of the 719 individuals who have exited the Storage Connect Center I program, 101 individuals have successfully moved into permanent housing and exited the program;
- The Storage Connect Center I has provided 1,453 resources referrals to Clients since opening;

**Table One: New Client Enrollments – Duplicated\* (June 13, 2018 - June 30, 2019)**



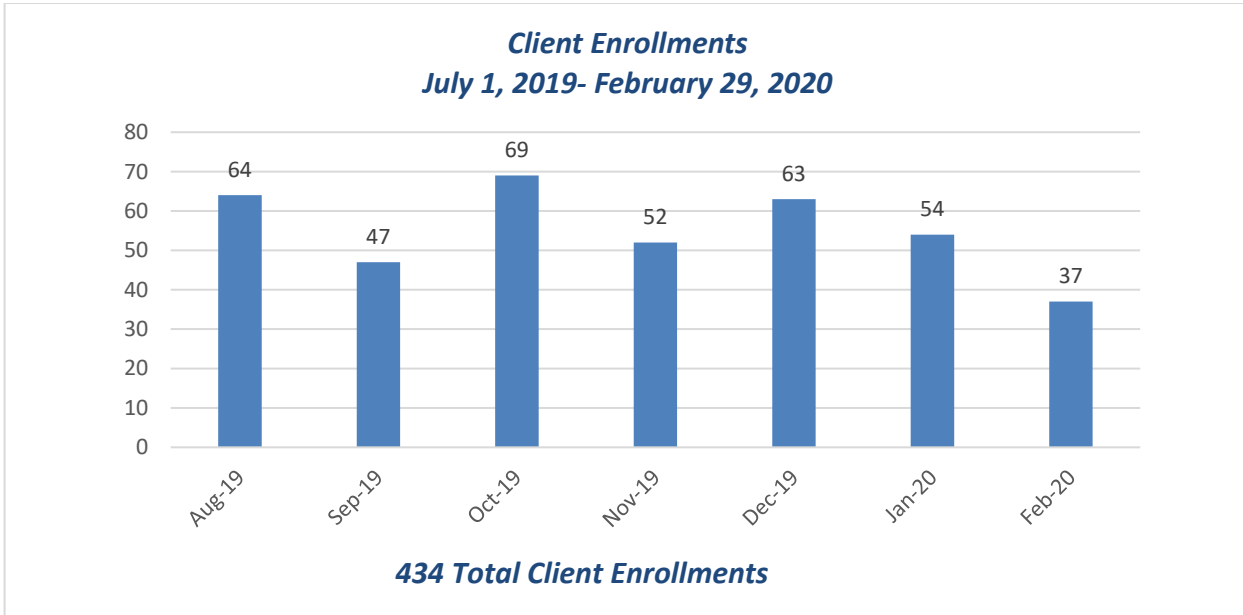
**\*Data include individuals who enrolled, exited and re-enrolled in the program.**

**Table Two: New Client Enrollments – Duplicated\* (July 1, 2019 – February 29, 2020)**

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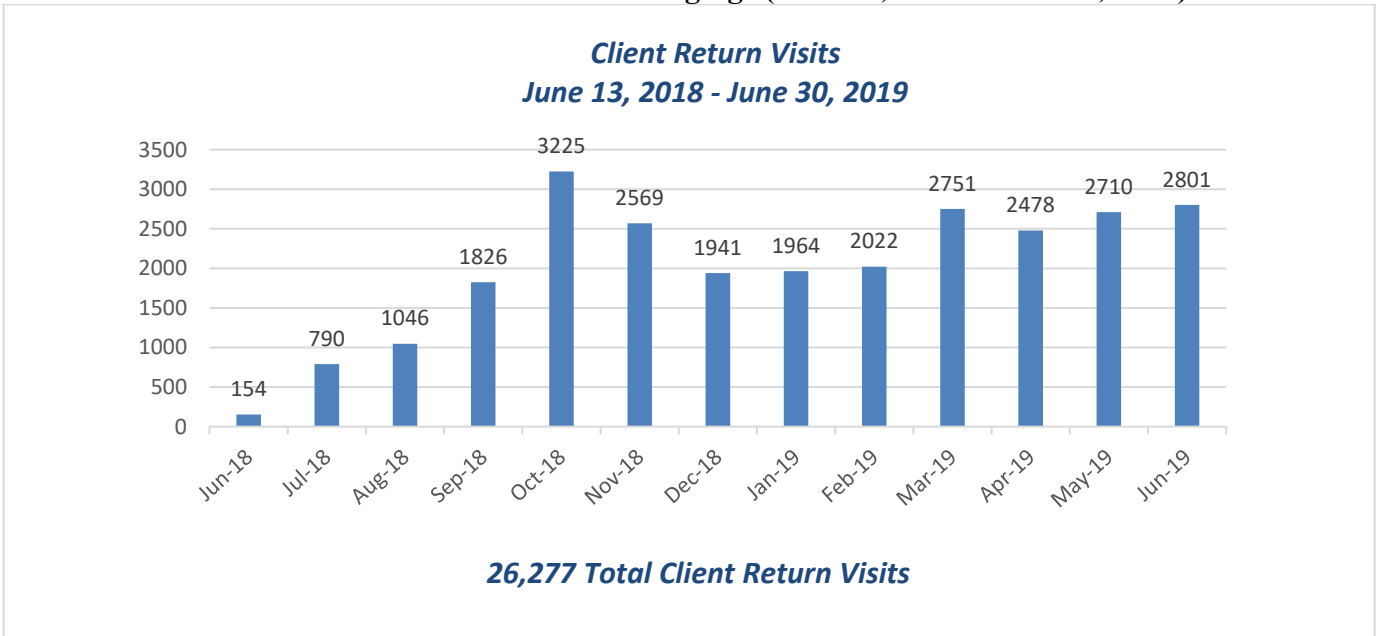
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\*Data include individuals who enrolled, exited and re-enrolled in the program.

**Table Three: Client Return Visits to Access Belongings (June 13, 2018 – June 30, 2019)**



**Table Four: Client Return Visits to Access Belongings (July 1, 2019 – February 29, 2020)**



**Table Five: Resource Referrals to Program Participants (June 13, 2018 – February 29, 2020)**

RESOURCE TYPE	TOTAL REFERRALS SINCE OPENING
Basic Needs	278
Food Assistance	213
Health Care	129
Shelter	188
Housing Search and Information	197
At Risk/Homeless Housing Related Assistance Programs	62
Income Support and Employment	160
Mental Health and Substance Use Disorder Services	138
Transportation	88
<b>TOTAL RESOURCE REFERRALS</b>	<b>1,453</b>



**Table Six: Special Population Served (June 13, 2018 – February 29, 2020)**

<b>SPECIAL POPULATIONS SERVED SINCE CENTER OPENING</b>	
Total Persons Served Since Opening	1,217
Transitional Age Youth (18-24)	45 <b>4%</b>
Individuals Age 55+	377 <b>31%</b>
Chronically Homeless Persons	439 <b>36%</b>
Persons with a Disability (any)	452 <b>37%</b>
Persons with a Physical Disability	219 <b>18%</b>
Persons with a Mental Health Problem	275 <b>23%</b>
Persons with a Drug and/or Alcohol Use Disorder	178 <b>15%</b>
Veterans	81 <b>7%</b>

**STORAGE CENTER ACTIVITY OVERVIEW**

The Storage Connect Center I and Storage Connect Center II maintain Community Engagement/Good Neighbor Plans developed to address and mitigate community concerns. Center staff for both locations operate as community ambassadors in the neighborhoods surrounding the Centers. From July 1, 2019, to February 29, 2020, Storage Connect Center I staff conducting outreach have engaged with a total of 688 unsheltered individuals by offering referrals to local community resources such as mental health services, medical services and food resources. These staff also provided these individuals with information about the Storage Connect Center I and the procedure for accessing the waiting list.

Additionally, the City’s Bridge Shelter Outreach teams also continue to conduct regular outreach activities and provide case management to individuals experiencing unsheltered homelessness throughout the City, including the neighborhoods surrounding both of the Centers.

Staff from each site continue to act as ambassadors to residents and community members so community members can provide input on areas of need, raise any concerns they may have,

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and obtain general information about how to contact the facility operator or City services, such as SDPD, Environmental Services Department, and the Mayor's office or the Housing Commission.

SDPD coordinates ongoing law enforcement and security presence with the both of the Center's security agency, on a daily basis, and supports the security company in managing the security needs in the direct vicinity of the site while SDPD focuses on the surrounding neighborhood.

### **AFFORDABLE HOUSING IMPACT**

The operation of the Storage Connect Center I and the Storage Connect Center II allows individuals experiencing homelessness to store their belongings in a safe location off of the City streets, while these individuals look for employment, housing and services.

### **FISCAL CONSIDERATIONS**

Upon the execution and approval of the HHAP MOU between the City and the Housing Commission, the City of San Diego will commit state Homeless Housing, Assistance, and Prevention (HHAP) funding in the amount of \$1,249,942.00 toward the Storage Connect Center I, including funds to support the City's lease with the site owner. Further, the City of San Diego will commit HHAP funding in the amount of \$720,664 toward the Storage Connect Center II for an initial one-year term of July 1, 2020, through June 30, 2021. Option years will be exercised contingent upon the appropriation of said funds by the City of San Diego for that purpose.

### **EQUAL OPPORTUNITY CONTRACTING**

MHS is a local nonprofit and is not subject to the requirement to submit a Workforce Report.

### **PREVIOUS COUNCIL and/or COMMITTEE ACTION**

The Housing Authority and City Council took action to approve the initial operator agreement, the first amendment to the Memorandum of Understanding between the Housing Commission and the City for the Temporary Bridge Shelters and Transitional Storage Center, and the amendment to the FY 2018 budget on March 20, 2018, and commitment of FY 2019 budgeted funds to support the ongoing lease costs for the lease between the City and the owner for the site location (Resolution No. HA-1777).

On February 8, 2019, the Housing Commission approved the execution of the first one-year renewal option of the Agreement with MHS to operate the Center for a term of July 1, 2019, through June 30, 2020, with a corresponding budget of \$1,190,828.40.

The recommendations were presented to the Housing Authority for review on March 12, 2019. The Housing Authority approved the execution of the first one-year renewal option of the Agreement with MHS (Resolution No. HA-1804), contingent on the successful presentation of a plan by the City of San Diego to the City Council, regarding identification of an additional storage center site as well as a proposal for a comprehensive community engagement strategy for the implementation of the identified site. The City of San Diego completed this request and

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sent a status update Memo to the Council in June 2019. The first one-year renewal option of the Agreement was subsequently executed with MHS.

The most current renewal of the MOU for oversight and administration of the Bridge Shelters and the Storage Connect Center from July 1, 2019, through June 30, 2020, was approved by the Housing Authority (Resolution HA-1817) and City Council (Resolution R-312514) on June 11, 2019.

### **COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS**

The Contractor is required to provide regular outreach to the Community as set forth within the Agreement.

Prior to the opening of the Center, the operator, MHS, sought the input of residents in the neighborhoods surrounding the Center to ensure a successful partnership with the community. The Homeless Storage Neighborhood Advisory Committee (HSNAC) was formed, and a meeting is held monthly with representatives from MHS, the Housing Commission, SDPD, the City's ESD, and the Mayor's office. The meetings provide community members with an opportunity to share their concerns and ideas with MHS, the City, and the Housing Commission, and also allow the project's partners to share information and provide updates to the community.

The Housing Commission provides a dedicated phone line that community members can utilize to report concerns or ask questions about program operations. Since program launch, one call has been received, and the issue was resolved by the City's ESD within a few hours. MHS, the Housing Commission, and City services will continue to partner and collaborate with the HSNAC to ensure the Center takes into consideration the needs and expectations of the surrounding community, while continuing to serve individuals and families experiencing homelessness in the City of San Diego.

For SCC II, MHS will continue to engage the community surrounding the Lea Street Terminus location and will collaborate with residents, neighborhood advisory groups, and the SDPD as necessary to ensure information and updates are shared regularly and to maintain transparency. The Housing Commission will incorporate the SCC II into the dedicated phone line to provide the same opportunity to these residents to report concerns and ask questions.

### **KEY STAKEHOLDERS and PROJECTED IMPACTS**

Individuals and households experiencing homelessness benefit from the operation of this Center. The operation of the Center gives individuals experiencing homelessness a space to store their belongings to allow them to seek gainful employment, housing and necessary services, while not having to worry about the safety of their belongings. In addition, the operation of the Center helps reduce the presence of belongings on the street and promotes better health conditions for citizens of the City of San Diego, including those living on the streets of the City of San Diego.

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## **ENVIRONMENTAL REVIEW**

### *The Center*

The proposed project and associated actions are categorically exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15301 (Existing Facilities), 15303 (New Construction or Conversion of Small Structures), and 15311 (Accessory Structures), and it has been determined that no exceptions to the exemptions as set forth in CEQA Guidelines Section 15300.2 apply. Processing under the National Environmental Policy Act (NEPA) is not required as there are no Federal funds involved with this action.

### *The Center II*

The proposed project and associated actions are categorically exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15301 (Existing Facilities), 15303 (New Construction or Conversion of Small Structures), and 15311 (Accessory Structures), and it has been determined that no exceptions to the exemptions as set forth in CEQA Guidelines Section 15300.2 apply. Processing under the National Environmental Policy Act (NEPA) is not required as there are no Federal funds involved with this action.

Respectfully submitted,



Lisa Jones  
Senior Vice President  
Homeless Housing Innovations

Approved by,



Jeff Davis  
Executive Vice President & Chief of Staff  
San Diego Housing Commission

Docket materials are available online in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org).