

RESOLUTION NO. 2019-0212

Adopted by the Sacramento City Council

June 4, 2019

Capitol Park Hotel Temporary Shelter: Approving the Administrative Services Agreement with the Sacramento Housing and Redevelopment Agency (SHRA) and Related Actions for the Purpose of Operating a Temporary Homeless Shelter at Capitol Park Hotel

BACKGROUND

- A. The Capitol Park Hotel is currently operating as a 180-unit single room occupancy residential hotel located downtown at 1125 9th Street. Since 2006, Capitol Park has been subject to the City of Sacramento (City) Code Chapter 18.20, Relocation Benefits Pertaining to Residential Hotel Unit Conversion or Demolition.
- B. Mercy Housing California (Mercy Housing) entered into a purchase and sale agreement with RAH Partnership, L.P., on October 5, 2018 for the Capitol Park Hotel located at 1117, 1121, 1125, 1127, 1129 and 1131 9th Street in Sacramento (the "Property"). This agreement was amended on January 11, 2019 to extend its terms and escrow is expected to close in June. Mercy Housing is planning on rehabilitating the Property as permanent supportive housing if financing can be secured, which is expected to take between 18 and 36 months.
- C. The City desires to utilize the Property as a temporary homeless shelter for approximately 18 months. The City's desired use of the Property as a temporary homeless shelter does not constitute a unit conversion or demolition of Capitol Park Hotel.
- D. On April 23, 2019, the City Council approved the Homeless Services Funding Plan, which included allocation of \$10.16 million in Measure U funds to operate the temporary homeless shelter at the Capitol Park Hotel for approximately 18 months. Of this amount, \$9.86 million is to be transferred to SHRA for the shelter program which includes making repairs to address deferred maintenance (\$400,000), shelter operations, including re-housing and facility maintenance (\$8,100,000), interim property management (\$300,000), staffing (\$250,000), and staffing oversight (\$810,000).

- E. On April 23, 2019, the City Council delegated authority to the City Manager to enter into a lease agreement with Mercy Housing at a cost of \$112,500 for approximately 18 months, which would fund Mercy's holding costs for the purpose of operating a temporary homeless shelter at the Capitol Park Hotel.
- F. On April 23, 2019, the City Council approved the funding appropriation of \$13.37 million in Homeless Housing Initiative Program fund for Mercy Housing's acquisition of the Property and costs associated with relocating the existing residents of Capitol Park Hotel.
- G. On April 30, 2019, the City Council approved two loan agreements and associated documents related to the Property – one agreement is between the City and SHRA, and one is between SHRA and Mercy Housing for the purpose of providing \$13.37 million in Homeless Housing Initiative Program funds to finance the acquisition of the Property and costs associated with relocating the existing residents of Capitol Park Hotel.
- H. The proposed actions are exempt under the California Environmental Quality Act pursuant to 14 California Code of Regulations §Section 15301.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. All of the evidence having been duly considered, the facts as presented and stated above, including the environmental facts and findings, as stated above, are found to be true and correct.
- Section 2. The Administrative Services Agreement in the amount not-to-exceed \$9.86 million between the City and the Sacramento Housing and Redevelopment Agency (SHRA) for the oversight of property management and the oversight of the operations and re-housing activities of a temporary homeless shelter at the Capitol Park Hotel is approved.
- Section 3. The City Manager, or designee, is authorized to enter into and execute the Administrative Services Agreement in the amount not to exceed \$9.86 million with SHRA for the purpose of funding the temporary homeless shelter operation at Capitol Park Hotel for approximately 18 months in accordance with the program budget as set forth in the Administrative Services Agreement.

- Section 4. The amendment to the SHRA budget in the amount of \$9.86 million in Measure U Funds for the purpose of funding the costs for the temporary homeless shelter operation at Capitol Park Hotel is approved.
- Section 5. SHRA is authorized to enter into and execute the Administrative Services Agreement with City and to enter into and execute maintenance/repair, security, and other contracts and related documents, in a form approved by Agency Counsel, for the purpose of operating the temporary homeless shelter at Capitol Park Hotel.
- Section 6. SHRA is authorized to enter into and execute a sole source contract and related documents with a shelter operator, in a form approved by Agency Counsel, for the purpose of operating a temporary homeless shelter at Capitol Park Hotel for approximately 18 months.
- Section 7. SHRA is authorized to enter into and execute a sole source property management agreement and related documents with a qualified property management company in a form approved by Agency Counsel, to manage the existing tenants at the Property until they are relocated by Mercy Housing.
- Section 8. The City Manager, or his designee, is authorized to pay Mercy Housing the full amount of the lease payments of \$112,500 for Mercy Housing holding costs even if the temporary homeless shelter operation has to close prematurely due to the condition of the Property.
- Section 9. The City Manager, or his designee, is authorized to waive the “All Risk” insurance requirement in the Council approved \$13.37 million loan agreement between the City and SHRA.
- Section 10. SHRA is authorized to modify the following terms in the Council approved \$13.37 million loan agreement between SHRA and Mercy Housing:
- a. Reduce the maturity term from 36 months to 18 months with the option to extend up to 36 months by written mutual agreement; and
 - b. Waive the “All Risk” insurance requirement; and
 - c. Indemnify and hold Mercy Housing harmless from the condition of the Property, if any, in the event Mercy Housing were to transfer the Property to SHRA.

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Exhibit A - City and SHRA Administrative Services Agreement

Adopted by the City of Sacramento City Council on June 4, 2019, by the following vote:

Ayes: Members Ashby, Carr, Guerra, Hansen, Harris, Jennings, Schenirer, Warren and Mayor Steinberg

Noes: None

Abstain: None

Absent: None

Attest: **Mindy Cuppy** Digitally signed by Mindy Cuppy
Date: 2019.06.07 09:45:33
-07'00'

Mindy Cuppy, City Clerk

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Sacramento City Council.

**ADMINISTRATIVE SERVICES AGREEMENT FOR
CAPITOL PARK HOTEL TEMPORARY HOMELESS SHELTER PROGRAM**

This Administrative Services Agreement (“Agreement”) is entered into this _____ day of 2019, by and between the SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY, a joint powers authority ("SHRA") and the CITY OF SACRAMENTO, a municipal corporation ("CITY"), which are also referred to herein collectively as “Parties” or singularly as “Party,” who agree as follows:

- 1. Services.** Subject to the terms and conditions set forth in this Agreement, SHRA shall provide to CITY the services described in Exhibit A. SHRA shall not be compensated for services outside the scope of Exhibit A (“Additional Services”) unless prior to the commencement of such services: (a) SHRA notifies CITY in writing and CITY agrees that such services are outside the scope of Exhibit A; (b) SHRA documents the additional compensation required for these additional services; (c) CITY, after receipt of such notice, approves in writing the Additional Services and amount of additional compensation; and (d) this Agreement is amended to include the Additional Services and compensation.
- 2. Payment.** CITY shall pay SHRA for services rendered pursuant to this Agreement as set forth in Exhibit B, unless pursuant to Paragraph 1, above, CITY approves compensation for Additional Services. SHRA shall submit verification of all billings for said services to CITY in the manner specified in Exhibit B.
- 3. Facilities, Supplies and Equipment.** SHRA, except as otherwise stated herein, shall at its sole cost and expense furnish all facilities, supplies and equipment, which may be required for furnishing services pursuant to this Agreement.
- 4. General Provisions.** The general provisions set forth in Exhibit C are part of this Agreement. In the event of any conflict between the general provisions and any other terms or conditions of this Agreement, such other terms or conditions shall control over the general provisions.
- 5. Authority.** Each of the signatories to this Agreement represent that he or she is authorized to sign the Agreement on behalf of such Party, all approvals and consents which must be obtained to bind such Party have been obtained, and no further approvals, acts or consents are required to bind such Party to this Agreement.
- 6. Exhibits.** All exhibits referred to herein are attached hereto and are by this reference incorporated as if set forth fully herein.

[signature page follows]

Executed as of the day and year first above stated.

**SACRAMENTO HOUSING
AND REDEVELOPMENT AGENCY**

CITY OF SACRAMENTO

By: _____
La Shelle Dozier
Executive Director

By: _____
Christopher Conlin,
Assistant City Manager

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: _____
Agency Counsel

By: _____
Senior Deputy City Attorney

ATTEST:

By: _____
Assistant City Clerk

Attachments:

- Exhibit A - Scope of Services
- Exhibit B - Fee Schedule / Manner of Payment
- Exhibit C - General Provisions

EXHIBIT A

SCOPE OF SERVICES

1. Representatives.

SHRA Representative for this Agreement is:

Christine Weichert
Assistant Director
Sacramento Housing and Redevelopment Agency
801 12th Street
Sacramento, CA 95814
(916) 440-1353
cweichert@shra.org

All CITY questions pertaining to this Agreement will be referred to the SHRA Representative as set forth above. All correspondence to SHRA shall be sent to the address set forth above.

CITY Representative for this Agreement is:

Emily Halcon
Homeless Services Coordinator
City of Sacramento
Office of the City Manager
915 I Street, 5th Floor
Sacramento CA 95814
(916) 808-7896
ehalcon@cityofsacramento.org

All SHRA questions pertaining to this Agreement will be referred to the City Representative as set forth above. All correspondence to CITY shall be sent to the address set forth above.

2. Scope of Work.

- a. **Term:** This Agreement shall be for the period commencing on June 1, 2019 and ending on December 31, 2020, unless extending by mutual agreement of the Parties.
- b. **Services to be provided by SHRA:** SHRA agrees to provide all services necessary for the oversight of property management and the oversight of the operation of a temporary homeless shelter at the Capitol Park Hotel located at 1117, 1121, 1125, 1127, 1129, and 1131 9th Street (the "Property"). Services will include the following:

I. Budget:

- Develop an overall project budget considering expected occupancy, including ramp up and ramp down, and costs associated with the following shelter components:
 - Property repairs (to allow occupancy/operations as a shelter)
 - Facility maintenance (during shelter operations)
 - Oversight of Property management
 - Oversight of Shelter operations
 - Oversight of Re-housing

All the contracts to be managed and overseen must align with the overall project budget. Any changes to the maximum not to exceed amounts set forth in Exhibit B will require an amendment to this Agreement.

II. Property Repairs:

- Subject to the compensation limitation, contract with contractors to undertake necessary repairs to the Property so it is habitable as a temporary homeless shelter. SHRA will contract for work as may be needed to open the shelter as soon as possible.

III. Property Management:

- Subject to the compensation limitation, oversee the management of the Property while the current tenants remain in possession of their units until relocated. It is anticipated that most of the current tenants will be relocated by Mercy within three months from the date that the Property is sold to Mercy. Property management may be provided by a third party contractor.

IV. Equipment and Furniture:

- Either purchase or rent, and/or arrange for the shelter operator to provide, all equipment and furniture needed for operation of the shelter and make selections based on cost efficiencies and program term.

V. Shelter Operations:

- Develop written protocols and processes for selection of persons experiencing homelessness who are currently unsheltered to be eligible for services at the Property. The intent is to serve the selected population(s) with as few barriers to access and receipt of services as possible, considering the limitations of the property. The parties intend that the shelter will accommodate at least 100 persons on a daily basis. In developing the preferred population(s), SHRA should consider input from:
 - CITY homeless services division
 - CITY Police Department
 - Property Based Improvement Districts (PBIDs)
 - Community outreach navigators
 - The general public

- Develop written protocols and processes for the “front door” intake services to assess persons eligible for shelter services. The “front door” can be operated either by the shelter operator or a separate contractor. The “front door” must include clear written policies and operational procedures to ensure:
 - Consistent and objective selection of guests
 - Standardized assessment and referral tools and processes
 - Processes for managing referrals among multiple referral partners (if applicable) and for selecting among potential guests when space is limited
 - Processes for the shelter operator on receiving, responding to and accepting a referral
 - Clear standards for denial of a referral and process for consideration of any referral refused

- Develop shelter operational guidelines, to include all expected services to be provided by the shelter operator, how the shelter operator is to coordinate with other community service providers (e.g. “front door” operator, medical services, legal services, etc.), and enforcement of the shelter rules including process for removal of non-compliant guests. Shelter operational guidelines must include considerations for:
 - Shelter operations
 - Intake, admissions and discharge
 - Guest’s rights, responsibilities, and grievance process
 - Shelter staff standards and training
 - Data collection and reporting
 - Service coordination

- Select a contractor to provide services to manage the intake and oversee the use of the Property as a homeless shelter. CITY will support SHRA in this selection by reviewing and providing input of potential operators.

- Develop a re-housing program for shelter guests, either with the selected shelter operator or with another community partner. The shelter re-housing program should include specific housing support services (landlord engagement, housing support services, etc.) as well as a flexible housing fund to offer financial support as needed to subsidize rent payments, pay deposits, etc. The program should be developed in coordination with subsidized community housing programs (e.g., CoC, HCVs, etc.), but, recognizing the limited capacity of these programs, the intention of the re-housing services is to provide support and funding separate from subsidized programs. Re-housing services may also need to be available after closing of the shelter to accommodate guests leaving at the close of the shelter but in need of re-housing support after the close of the shelter.

- Make arrangements for security of the Property by shelter operator or other personnel to mitigate loitering outside of the Property by shelter residents and persons who are not eligible for entry into the shelter.
- Monitor shelter operations on a daily basis and ensure issues and complaints are responded to promptly, including after-hours. Coordinate with the Police Department on addressing any incidents that required police assistance for implementing any prevention recommendations.
- Develop and manage a procedure for public access to the shelter. This procedure must prioritize client privacy and safety, and have clear guidelines regarding access to the shelter for media, elected officials, other service organizations, and the general public.
- Develop a community messaging and engagement plan including (i) updating community organizations serving the homeless population about referral into and services provided at the shelter, including any opportunities to partner; (ii) working with the CITY, Sacramento Downtown Partnership and other community groups, (iii) attending shelter advisory committee and community meetings, and (iv) responding to press inquiries.

VI. Staffing:

- Hire or assign one full time person to serve as SHRA's Homeless Services Coordinator to manage the development of shelter policies and protocols, oversee all contracts and accounting services for the homeless shelter program at the Property, attend all meetings, and provide all the necessary services for the program that are not under contract as described above.

VII. Reporting:

- Work with Sacramento Steps Forward and use the HMIS system to collect data on the homeless population served at the shelter.
- Work with other community partners (Police, PBIDs, 311, etc.) to determine other data needs, collect and compile the data.
- Prepare monthly reports on the number of persons served at the shelter, the number of persons who entered and exited the shelter, the number of persons who obtained temporary or permanent housing, the number of persons who obtained employment, and other relevant data, and make this available publicly
- Prepare quarterly reports on the costs of operating the shelter.
- Provide shelter operations and cost data as requested by CITY and Mayor and Council Offices
- Prepare staff reports and attend City Council meetings regarding reporting on progress of establishing and operating the shelter as needed.
- Respond to media requests for shelter operations and cost data.

- Prepare a comprehensive report that is due within 30 days after shelter closure which documents all of the costs incurred, the homeless population served, the incidents that occurred and how they were addressed and mitigated, and recommendations for future operations of homeless shelters.

VIII. Ramp Down Plan:

- Prepare a plan for closing the shelter operation at least six months before the planned closure date. Plan to address (i) in coordination with shelter operator prepare exit plans for all shelter occupants with priority for mentally and physically disabled and seniors, (ii) measures to mitigate community impacts from shelter closure, and (iii) communications plan to inform the press and public about the shelter closure. Share plan with CITY prior to beginning ramp down.

EXHIBIT B

FEE SCHEDULE / MANNER OF PAYMENT

The total amount to be paid by CITY to SHRA shall not exceed \$9,860,000 for the following services:

1. Compensation for SHRA Staffing.

CITY shall pay SHRA the amount of \$1,060,000 for all of the SHRA staff costs incurred during the term of this Agreement for managing the shelter program in accordance with the Scope of Services. This cost includes \$250,000 for a full time management analyst for an 18 month period. SHRA shall provide CITY with monthly billing statements showing the hours worked and work performed by SHRA staff and 10% allocation for overhead and risks associated with SHRA's management of the shelter program. CITY will make monthly payments.

2. Compensation for Property Repairs:

CITY shall pay SHRA an amount not to exceed \$400,000 for the costs of necessary repairs to the Property to make it habitable for use as a temporary homeless shelter. CITY will make payment in advance within 30 days from receipt of a copy of the repair contract(s), SHRA maintenance staff repair invoices, and SHRA's invoice in the total amount of the contract(s) and work to be performed. If the costs for the actual repairs made is less than the budgeted amount, SHRA pay CITY the difference within 30 days after the shelter closes.

3. Compensation for Property Management:

CITY shall pay SHRA an amount not to exceed \$300,000 for the costs of management of the Property until all of the existing tenants are relocated. Property may include short-term leases between the property manager and the residential and commercial tenants, as necessary. CITY will make payment in advance within 30 days from receipt of a copy of the property management contract (if any), and SHRA's invoice. If the costs for the property management is less than the budgeted amount, SHRA pay CITY the difference within 30 days after the property management work ceases.

4. Compensation for Shelter Operations:

CITY shall pay SHRA an amount not to exceed \$8,100,000 for the costs of the shelter operations, facility maintenance and re-housing for an 18 month period. CITY will make payment in advance within 30 days from receipt of a copy of the shelter operator contract and SHRA's invoice. If the shelter is not operated for the full 18 month term, SHRA shall reimburse CITY for the amount that is not paid out to third parties for shelter operations.

EXHIBIT C

GENERAL PROVISIONS

1. **No Joint Venture.** This Agreement does not create a joint venture, partnership, or any other legal relationship of association among the Parties. Each Party is an independent legal entity and is not acting as an agent of the other Party in any respect.
2. **No Agency.** Except as CITY may specify in writing, SHRA and SHRA's personnel shall have no authority, express or implied, to act on behalf of CITY in any capacity whatsoever as an agent. SHRA and its personnel shall have no authority, express or implied, to bind CITY to any obligations whatsoever unless specifically authorized in writing by CITY to act on its behalf.
3. **Independent Contractor.**
 - A. It is understood and agreed that CITY and SHRA are independent contractors and that no relationship of employer-employee exists between the Parties hereto for any purpose whatsoever. CITY is not required to make any deductions or withholdings for employee taxes or benefits from the compensation payable to SHRA under the provisions of this Agreement. As an independent contractor, SHRA agrees to indemnify and hold CITY harmless from any and all claims that may be made against CITY based upon any contention by any of SHRA's employees or employees of any third party contractor hired by SHRA, that an employer-employee relationship or a substitute therefore exists between the Parties for any purpose whatsoever by reason of this Agreement or by reason of the nature and/or performance of any services under this Agreement.
 - B. It is further understood and agreed by the Parties that SHRA, in the performance of its obligations hereunder, is subject to the control and direction of CITY as to the designation of tasks to be performed and the results to be accomplished by the services agreed to be rendered and performed under this Agreement, but not as to the means, methods, or sequence used by SHRA for accomplishing such results.
 - C. If, in the performance of this Agreement, any third persons are employed by SHRA, such persons shall be entirely and exclusively under the direction, supervision, and control of SHRA. Except as may be specifically provided elsewhere in this Agreement, all terms of employment, including hours, wages, working conditions, discipline, hiring, and discharging, or any other terms of employment or requirements of law, shall be determined by SHRA.

- D. Nothing in this Agreement shall be construed as to create an exclusive relationship between SHRA and CITY for the services to be provided. SHRA and CITY may each independently represent, perform services for, or be employed by such additional persons or companies as each Party sees fit, provided that there is no conflict with the performance of services or the obligations of the Parties hereunder.
4. **Standard of Performance.** If SHRA assigns employees or contractors to perform services under this Agreement, SHRA shall assign only competent personnel to perform said services pursuant to this Agreement.
5. **Time.** SHRA shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary for satisfactory performance of SHRA's obligations under this Agreement. Neither Party shall be considered in default of this Agreement, nor be entitled to additional compensation, to the extent performance is prevented or delayed by any cause, present or future, which is beyond the reasonable control of the party.
6. **Assignment Prohibited.** SHRA may assign any right or obligation pursuant to this Agreement. Any attempt or purported assignment of any right or obligation pursuant to this Agreement shall be void and of no effect.
7. **Termination.** CITY and SHRA shall have the right to terminate this Agreement at any time by giving not less than thirty (30) days' notice of such termination to the other party. If CITY gives such notice of termination, SHRA shall immediately cease rendering services pursuant to this Agreement and shall cancel all contracts with third parties providing services for SHRA pursuant to this Agreement.
8. **Indemnity.** SHRA shall indemnify, defend and hold harmless CITY, its officers and employees from and against all actions, damages, costs, liability, claims, losses, judgments, penalties and expenses of every type and description, including, but not limited to, any fees and/or costs reasonably incurred by CITY's staff attorneys or outside attorneys and any fees and expenses incurred in enforcing this provision (hereafter collectively referred to as "liabilities"), to which any or all of them may be subjected, for death, personal injury or damage to real or personal property resulting from any negligent act or omission or willful misconduct of SHRA, its officers, employees, contractors or agents in connection with the performance or nonperformance of services by SHRA employees for CITY under this Agreement, whether or not CITY, its officers or employees reviewed, accepted or approved any service or work product performed or provided by SHRA employees, and whether or not such liabilities are litigated, settled or reduced to judgment.

SHRA shall, upon CITY's request, defend at SHRA's sole cost any action, claim or suit or portion thereof which asserts or alleges any such liabilities, whether well founded or not and whether or not such action, claim or suit also asserts or alleges negligent or wrongful conduct by CITY, its officers or employees, so long as the action, claim or suit alleges

negligence or misconduct by a SHRA officer or employee. If a final decision or judgment allocates liability by determining that any portion of damages awarded is attributable to the CITY's negligence or willful misconduct separate and apart from any act or omission by a SHRA officer or employee, CITY shall pay the portion of damages which is allocated to the CITY's acts, negligence or willful misconduct. As used herein, the phrase "negligence or willful misconduct" shall not include the passive negligence of the CITY, its officers or employees in reviewing, accepting or approving any service or work product performed or provided by SHRA employees.

- 9. Severability.** If any portion of this Agreement or the application thereof to any person or circumstance shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall be enforced to the greatest extent permitted by law.
- 10. Waiver.** No waiver of any provision of this Agreement shall be effective unless it is in writing and signed by a duly authorized representative of the Party against whom enforcement of a waiver is sought. No waiver of any right or remedy in respect of any occurrence or event shall be deemed a waiver of any right or remedy in respect of any other occurrence or event. Failure by either Party to complain of any action or non-action on the part of the other Party or to declare the other in default, irrespective of how long such failure may continue, shall not be deemed to be a waiver of any rights hereunder.
- 11. No Third Party Beneficiaries.** Nothing contained herein is intended, nor shall this Agreement be construed, as an agreement to benefit any third parties.
- 12. Ambiguities.** This Agreement shall be construed as a whole according to its fair language and common meaning to achieve its objectives and purposes. Captions on sections are provided for convenience only and shall not be deemed to limit, amend or affect the meaning of the provision to which they pertain, and shall be disregarded in the construction and interpretation of this Agreement. The Parties have each carefully reviewed this Agreement and have agreed to each term hereof. No ambiguity shall be presumed to be construed against either Party.
- 13. Entire Agreement.** This document, including all Exhibits, contains the entire agreement between the Parties and supersedes whatever oral or written understanding they may have had prior to the execution of this Agreement. No alteration to the terms of this Agreement shall be valid unless approved in writing by CITY and SHRA.