



# COUNTY of VENTURA

COUNTY EXECUTIVE OFFICE  
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County Executive Officer

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July 23, 2024

Board of Supervisors  
County of Ventura  
800 South Victoria Avenue  
Ventura, California 93009

**SUBJECT: Receive a Report Regarding Existing Year Around Emergency Shelter Cost Share Agreements with the Cities of San Buenaventura, Oxnard, and Thousand Oaks; Approval of Amendments to Cost Share Agreements with the Cities of San Buenaventura and Oxnard**

**RECOMMENDATIONS:**

1. Receive a report regarding existing year around emergency shelter models, outcomes and rising costs;
2. Approve amendments to existing cost share agreements with the cities of San Buenaventura (Exhibit 2) and Oxnard (Exhibit 3);
3. Direct staff to negotiate with partner cities for new cost-share agreements to incentivize outcomes that improve the system imbalance with reduced lengths of stay and increased exits to housing

Mandatory	No
Source of Funding:	General Fund
Funding Match Required:	50/50 share with cities
Impact on Other Departments:	None

<b><u>Summary of Revenues and Costs:</u></b>	<b><u>FY 2024-25</u></b>	<b><u>FY 2025-26</u></b>
Revenues:		
Costs:		
Direct	94,700	0
Indirect-Dept		
Indirect-County CAP		
Total Cost	94,700	0
Net County Cost	94,700	0
Recovered Indirect Costs		

<b>FY 2024-2025 Budget Projection for CEO Community Development - BU #2652</b>				
	<b><u>Adopted Budget</u></b>	<b><u>Adjusted Budget</u></b>	<b><u>Projected Budget</u></b>	<b><u>Estimate (Savings/Deficit)</u></b>
<b>Appropriations</b>	<b>\$2,607,979</b>	<b>\$2,607,979</b>	<b>\$2,607,979</b>	<b>\$0</b>
<b>Revenue</b>	<b>\$1,199,645</b>	<b>\$1,199,645</b>	<b>\$1,199,645</b>	<b>\$0</b>
<b>Net Cost</b>	<b>\$1,408,334</b>	<b>\$1,408,334</b>	<b>\$1,408,334</b>	<b>\$0</b>

Sufficient appropriations are available in the FY2024-25 adopted budget.

**VENTURA COUNTY STRATEGIC PLAN:**

Strategic Priority:

- Address Homelessness and Lift Up the Most Vulnerable

The recommendations presented in this item support the maintenance of emergency shelter beds for persons experiencing homelessness.

**BACKGROUND:**

On [October 30, 2018](#), the Board of Supervisors approved a Homeless Shelter Partnership Framework (Exhibit 1) defining essential principles and concepts that serve as the basis for partnering with cities in establishing and operating permanent year around emergency shelters in their communities. This policy was adopted after an offer to cities for cost-share in shelter construction went unheeded and unsheltered persons faced few shelter options. The Partnership Framework was developed at a time when data around outcomes from shelter operations were limited due to lack of access to accurate and timely data. With the advent of the Homeless Management Information System, and an increased number and type of system users, we now have more comprehensive data to inform local decisions, as evidenced by the information found in the [Updated Ventura County Homelessness Plan](#) developed in partnership with the cities of Oxnard, San Buenaventura and Thousand Oaks and subsequently adopted by your Board in December 2023.

Over the intervening years, the County has entered into cost share agreements with four cities in cost-share arrangements to establish a total of 244 permanent year around emergency shelter beds. These agreements are with the cities of [Ventura](#), [Oxnard](#), [Thousand Oaks](#) and [Santa Paula](#). As of this writing 104 beds are operational (55 in Ventura and 49 in Santa Paula) while the other 30 in Thousand Oaks, and 110 in Oxnard are scheduled to open in early 2025. With the exception of the Thousand Oaks project, all are or will be congregate shelters with shared living space using cots or bunk beds.

**DISCUSSION:**

Staff have been contacted by three of the four cities (Ventura, Oxnard, and Thousand Oaks) regarding rising costs for shelter operations, even in those shelters that have yet to open. Existing cost-sharing agreements with the cities reflect the host jurisdictions' anticipated or negotiated operating costs. With the passage of time, economic factors like inflation have impacted both operational costs for shelter and the host jurisdictions' share of those costs. The table below summarizes the anticipated annual operational costs requested by operators at each of the following shelters:

<u>Estimated Annual Operating Costs</u>						
<u># Beds</u>	<u>City</u>	<u>Contract</u>	<u>Proposed</u>	<u>Difference</u>	<u>County Share</u>	<u>% Increase</u>
55	Ventura	\$1,674,310	\$ 2,053,108	\$ 378,798	\$ 189,399*	27.6%
110	Oxnard	\$2,954,360	\$ 3,840,000	\$ 885,640	\$ 442,820**	30.0%
30	TO	\$ 835,229	\$ 1,171,373	\$ 336,144	\$ 168,072***	40.2%
*For comparison purposes, this amount reflects an annualized cost; the County share for the 6-month extension would be \$94,700. **January '24 estimate – to be revisited closer to facility opening currently projected for May 2025. ***County anticipates paying only \$168,072 annually when facility opens (projected January 2025), due to ERF grant.						

A few of the issues staff has recognized with the current cost-share agreements include:

- Agreements may not reflect the total operational costs for a shelter, but only include those that are paid by the host city – excluding outside grants covering shelter operations (as was the case at The ARCH during COVID and anticipated at the Thousand Oaks Navigation Center);
- While agreements contain aspirational goals for length of stay, exits to housing, etc., there's been little to no reporting or accountability between the operator and host jurisdiction tracking these data points;
- City staff managing shelter contracts are often not subject matter experts and thus lack the time, knowledge, skills, and/or ability to monitor operations and/or review and timely process invoices for shelter operations;
- County staff involvement in monitoring operations and outcomes at existing shelters under city contracts with operators has been virtually non-existent.

The result is understated actual operational costs when temporary funds support a portion of shelter costs. Extended shelter stays reduce the number of persons who can be served in these shelters and thus give the community and policymakers the false impression that more shelter beds are needed. Furthermore, inconsistent communication among partners leads to reactive rather than proactive solutions when shelter operators' budgets increase. While the appointment of the new Homeless Solutions Director will assist jurisdictions' navigation of shelter agreements, they have responded to these challenges as follows:

### Increasing Costs

The City of San Buenaventura is executing a six-month extension for \$1,026,554 (annualized rate of \$2,053,108) to their contract with Mercy House and has requested the County's continued participation in supporting 50% of these costs. This extension will allow the City to release a Request for Proposals for shelter operations, select an operator and execute a new contract anticipated to be effective January 1, 2025. The goal is to improve shelter efficiency and outcomes, thus reducing shelter operating costs. The amendment increasing the County's cost-share agreement during the six-month extension period from July 1, 2024 – December 31, 2024, is included as Exhibit 2. Despite the increased cost for The ARCH shelter operations, savings due to the delayed openings of the Oxnard and Thousand Oaks locations (both openings delayed to early or mid-2025) are sufficient to cover these increased costs. Staff will return to the Board once the City has completed their solicitation and selected a new vendor for the new calendar year.

The City of Oxnard has experienced significant cost increases in operational costs at their City-funded 110-bed shelter on K Street and executed a new contract with their operator for over \$4 million for FY 25. The City continues to negotiate with the operator to address anticipated cost increases for operations at Casa de Carmen on 2nd, the location subject to our cost-share agreement with the City. With the new shelter opening not anticipated until mid-2025 and no operational agreement finalized to date, the City is requesting that the County amend our cost-share agreement to indicate that the parties will meet later this year once that contract is executed. Other cleanup and clarification language, including covering increased construction costs with City Permanent Local Housing Allocation funding in lieu of requesting an additional County contribution, is included in the first amendment to our agreement with the City of Oxnard attached as Exhibit 3.

The Thousand Oaks Thrive Grove Navigation Center is anticipated to open in early 2025. The recently awarded Encampment Resolution Fund (ERF) grant will offset a significant portion of that project's increased operational budget now projected at \$1.171M. The ERF will offset \$835K per year (the original budget in our cost-share agreement with the City) for the first two years of the project. With the projected cost increases, the County's annualized contribution will be \$168K for the first two years, subject to annual CPI increases if requested by the operator. Once ERF funds are exhausted the County's contribution would have a baseline of about \$586K. No amendment to our existing cost-share agreement with the City is necessary at this time since the County has committed sufficient funds to support the project's initial operation during the ERF grant term.

### Alternative Contracting Structure

Staff is recommending that an alternative cost-share structure for emergency shelter agreements be devised that compensates cities for baseline shelter operations including 24-hour staffing ratios of 1:20, daytime security and an expectation that shelter participants will be connected to existing services provided by Behavioral Health and Whole Person Care to avoid duplication of services and save costs. It is estimated that

this structure would cover approximately 65% of the County's 50% share of the projected budgets outlined above. The balance of funding would be available as outcomes payments based on exits to successful destinations (permanent housing, long-term care, board & care or residential treatment) and demonstrating that the goal for length of stay of no more than 180 days, and ideally no more than 90 days, is attained.

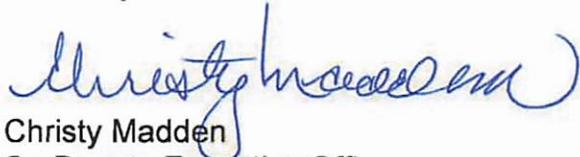
This model is not unlike how payments are made in the Health Care industry and has the dual benefit of both instituting accountability in shelter operations, while incentivizing the outcomes necessary to help right-size the homelessness service system. By reducing the length of stay in shelter and increasing positive exits from shelter, more persons can be served without needing to make additional investments in shelters in these communities.

**CONCLUSION:**

With access to improved performance data and the knowledge that there's an imbalance in the existing homeless services system as outlined in the recently adopted [Updated Ventura County Homelessness Plan](#) it is important that the County's investments, including those in our cost-share agreements, incentivize system rebalancing. To achieve this rebalancing, the CEO Community Development team will work with cities having existing cost-share agreements to incorporate modifications that support improved performance. Staff will report back to the Board with proposed revisions for consideration and approval before the end of the year.

This item has been reviewed by the offices of the Auditor-Controller and County Counsel. If you have any questions, please contact any of the undersigned.

Sincerely,



Christy Madden  
Sr. Deputy Executive Officer



Sevet Johnson, PsyD.  
County Executive Officer

- Exhibit 1: Homeless Shelter Partnership Framework (2018)
- Exhibit 2: Second Amendment to Financial Sharing Agreement City of San Buenaventura
- Exhibit 3: Second Amendment to Financial Sharing Agreement City of Oxnard