

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

February 6, 2024

FROM

CARRIE HARMON, Director, Community Development and Housing Department

SUBJECT

Amendment to Property Management Agreement with Quality Management Group, Inc. for the Homekey Program Pacific Village Project

RECOMMENDATION(S)

1. Approve **Amendment No. 2** to Property Management **Agreement No. 21-132** with Quality Management Group, Inc., to continue to provide operating and management services for the Homekey Program Pacific Village Project, increasing the amount by \$800,000, from \$1,600,000 to \$2,400,000, and extending the term for one year, for a total period of February 9, 2021, through February 9, 2025.
2. Approve the Disbursement Account Control **Agreement No. 24-123** between San Bernardino County, Haven View Escrow, and Quality Management Group, Inc., effective February 6, 2024, to hold operating funds of \$800,000 and outline the process for using the established escrow account to disburse funds to Quality Management Group, Inc., for Pacific Village operating expenses.
3. Authorize the Chief Executive Officer, Assistant Executive Officer, or Director of the Community Development and Housing Department to approve and sign the Disbursement Account Control Agreement and escrow instructions related to the Disbursement Account, and any non-substantive amendments to Property Management Agreement No. 21-132 that do not increase the total amount or change the term, on behalf of the County, subject to review by County Counsel.
4. Direct the Director of the Community Development and Housing Department to transmit the Disbursement Account Control Agreement and non-substantive amendments to Property Management Agreement No. 21-132 to the Clerk of the Board of Supervisors within 30 days of execution.

(Presenter: Carrie Harmon, Director, 382-3983)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Promote the Countywide Vision.

Operate in a Fiscally-Responsible and Business-Like Manner.

Provide for the Safety, Health and Social Service Needs of County Residents.

Pursue County Goals and Objectives by Working with Other Agencies and Stakeholders.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The \$800,000 cost for Amendment No. 2 (Amendment) to Property Management Agreement No. 21-132 (Agreement) with Quality Management Group, Inc. (QMG), to continue providing operating and management services for the Pacific Village Project is funded by

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Permanent Local Housing Allocation Program (PLHA) funding received from the California Department of Housing and Community Development (State). Adequate appropriation and revenue have been included in the Community Development and Housing Department (CDH) 2023-24 budget and will be included in the 2024-25 recommended budget.

BACKGROUND INFORMATION

The Amendment to the Agreement will allow QMG to continue providing property management services for the Pacific Village Project. The Agreement outlines the roles and responsibilities of the property manager and the County for the Pacific Village Project.

The State Homekey Program provided funding to rapidly sustain and expand the inventory of housing for individuals experiencing homelessness or at risk of homelessness and impacted by the COVID-19 pandemic. The County and LaBarge Industries, Inc. are co-applicants on the Pacific Village Project submitted to the State for the Homekey Program grant funds. QMG was included in the State Homekey Program application to provide property management services.

Pacific Village, located on 2626 Pacific Street in San Bernardino, provides interim housing, case management and supportive services for 28 individuals or households who are at-risk of or experiencing homelessness and have been impacted by COVID-19. Under the terms of the existing Agreement, QMG's responsibilities include final verification of participant eligibility per the State Homekey Program guidelines, executing participant agreements, and providing on-site property management services and maintenance. The County is responsible for funding the property's operating costs and conducting inspections regularly to meet State Homekey Program guidelines. The recommended amendment will ensure that QMG continues to provide property management services for Pacific Village. The County's Department of Behavioral Health provides individuals and household participants with a variety of supportive services including case management, treatment of mental health and/or substance use disorders, medical services and access to job training. The annual operating cost per bed is estimated to be \$28,000.

Funding for the increase and extension of operating and management services will be provided from the County's PLHA Round 1 funds of \$3,459,141, which have been allocated to the Pacific Village project. These funds have an expenditure deadline of April 30, 2024. PLHA provides state funding to local governments in California for housing-related projects and programs that assist in addressing the unmet housing needs of local communities. The program is designed to be very flexible to allow local governments to target funding based on regional needs. Operating subsidies are considered an eligible use under PLHA guidelines.

On January 26, 2021 (Item No. 29), the Board of Supervisors (Board) approved Contract No. 21-49 (State Agreement No. 20-PLHA-15185) of Round 1 funds from the State in the amount of \$3,459,141 for the PLHA funding, for a term commencing on February 2, 2021 through June 30, 2030. The County was eligible to receive an amount not to exceed the estimate of \$20,754,846. The five-year estimate of funds to be received by the County is derived by multiplying the first-year allocation amount by five (the number of years of annual allocation for the program) and adding a 20% cushion to the cumulative allocation amount.

On February 9, 2021 (Item No. 33), the Board approved the Agreement with QMG to provide property management services for the 28 Homekey beds at Pacific Village, for a two-year term

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beginning February 9, 2021, through February 9, 2023, for an estimated cost of \$800,000, with up to three additional successive one-year extensions.

On January 24, 2023 (Item No. 20), the Board approved Amendment No. 1 to the Agreement, increasing the annual operating cost from \$400,000 to \$800,000, and extending the term for one year, for a total period of February 9, 2021, through February 9, 2024. The additional funding was needed to cover higher than anticipated maintenance costs, increased security monitoring, and to effectively manage and oversee the entire six-acre parcel, which currently includes a significant portion of undeveloped land in pre-development for Pacific Village Phase II. Maintenance costs were much higher than anticipated due to the age of the property, the clientele and additional maintenance required with the use of temporary trailers.

The recommended Amendment to the Agreement will extend the term for one additional year, from February 9, 2024, through February 9, 2025, at an annual cost of \$800,000. All other terms and conditions remain unchanged.

Upon approval of the Disbursement Account Control Agreement, effective February 6, 2024, between the County, Haven View Escrow and QMG, the County will fund \$800,000 for annual operating expenses into an escrow account with Haven View Escrow. The disbursement process and requirements are set forth in the Disbursement Account Control Agreement.

Delegation of authority is being requested for the Chief Executive Officer, Assistant Executive Officer, or Director of CDH to sign the Disbursement Account Control Agreement and escrow instructions, as well as non-substantive amendments to the Property Management Agreement. The Disbursement Account Control Agreement and escrow instructions will be executed following the approval and execution of the Amendment to the Property Management Agreement.

PROCUREMENT

N/A

REVIEW BY OTHERS

This item has been reviewed by Purchasing (Leo Gomez, Purchasing Manager, 387-2063) on December 15, 2023; County Counsel (Suzanne Bryant, Deputy County Counsel, 387-5455) on January 12, 2024; Finance (Chris Lange, Administrative Analyst, 386-8393) on January 23, 2024; and County Finance and Administration (Cheryl Adams, Deputy Executive Officer, 388-0238) on January 23, 2024.

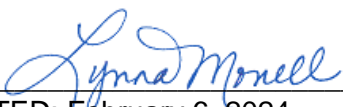
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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr. Seconded: Curt Hagman
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: February 6, 2024



cc: CDH - Harmon w/agrees for sign
Contractor c/o CDH w/agree
File - w/agree
MA 02/12/2024