

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

April 23, 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. 3 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 \$1,526,809, from \$2,400,000 to \$3,926,809, and extending the term for one year, for a total period of February 9, 2021, through February 9, 2026.
2. Approve **Amendment No. 1 to Disbursement Account Control Agreement No. 24-123** between San Bernardino County, Haven View Escrow, and Quality Management Group, Inc., effective April 23, 2024, to hold the increase in operating funds of \$1,526,809, from \$2,400,000 to \$3,926,809, and outline the continued 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 Amendment No. 1 to Disbursement Account Control Agreement No. 24-123 and escrow instructions related to the Disbursement Account, subject to review by County Counsel.
4. Authorize the Auditor-Controller/Treasurer/Tax Collector to post the necessary budget adjustments as detailed in the Financial Impact section (Four votes required).
5. Direct the Director of the Community Development and Housing Department to transmit Amendment No. 1 to Disbursement Account Control Agreement No. 24-123 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 \$1,526,809 increase to Property Management Agreement No. 21-132 (Agreement)

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with Quality Management Group, Inc. (QMG) will be funded by the California Emergency Solutions and Housing (CESH) grant from the California Department of Housing and Community Development (HCD). Approval of this item authorizes the Auditor-Controller/Treasurer/Tax Collector to post the following budget adjustments to the Community Development and Housing Department (CDH) and the Office of Homeless Services 2023-24 budgets, which are necessary to continue to provide operating and management services for the Homekey Program Pacific Village project.

Cost Center	Commitment Item/GL	Description	Action	Amount
6210002502	53003205	Public Assistance	Decrease	\$1,526,809
6210002502	55305030	Operating Transfer Out	Increase	\$1,526,809
6210002496	40909975	Operating Transfer In	Increase	\$1,526,809
6210002496	53003205	Public Assistance	Increase	\$1,526,809

BACKGROUND INFORMATION

In 2020, San Bernardino County (County) secured funding under the State Homekey Program (Homekey) to expand interim housing opportunities for unhoused residents. The Homekey project known as Pacific Village (Project) is located at the former Salvation Army service site at 2626 Pacific Street in the City of San Bernardino. This Project provides interim housing, case management and supportive services for 28 individuals or households who are at-risk of or experiencing homelessness and meet Homekey eligibility requirements as prescribed by the state. Supportive services are customized to each individual and include, but are not limited to, life skills, behavioral health services, substance use treatment, senior services, healthcare services and access to job training.

The County operates the Project in partnership with QMG per the terms of the Agreement for property management, and Homekey Grant Agreement No. 21-124 (State Agreement No. 20-HK-00130) executed per the authority granted within Resolution No. 2020-171 approved by the Board of Supervisors (Board) on September 15, 2020 (Item No. 39). Under the terms of the existing Agreement for property management, QMG’s responsibilities include final verification of participant eligibility per the Homekey guidelines, executing participant agreements, providing on-site property management services, security, and maintenance. The County is responsible for funding the property’s operating costs and conducting inspections regularly to meet Homekey guidelines. Supportive services are funded through outside resources and are primarily provided by the County Department of Behavioral Health.

The recommended Amendment No. 1 to Disbursement Account Control Agreement No. 24-123 (DACA) will allocate additional funding in the amount of \$1,526,809 to the operating fund to ensure continuity of property management services. These funds will also be utilized to offset additional onsite security and maintenance costs of the six-acre housing campus as the County undertakes the buildout of Phase II of the Project, which is the further expansion of housing and services at the Project location. Approval of this item will allocate \$1,526,809 of state homeless and housing grant funds, specifically CESH Round 1 funds of \$900,000 and CESH Round 2 funds of \$626,089, to the Project for use as a long-term Operating Subsidy.

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The \$1,526,809 in additional funding is being provided as a Capitalized Operating Subsidy Reserve (COSR) for the Project. Projections indicate that a portion of these COSR funds will extend beyond the term of the existing Agreement with QMG, and the remaining COSR funds are expected to pay for a portion of the operating costs for the first two years of the expanded Pacific Village Campus, which is expected to open in 2026.

The recommended Amendment No. 3 to the Agreement with QMG includes a provision that in the event of a change to the property management service provider in the future, the County reserves the right to recall and reallocate funds designated for the COSR to ensure continued fulfillment of Homekey objectives and participants' needs. Approval of this action will ensure that QMG continues to provide property management services for the Project through February 9, 2026. The anticipated unspent COSR funds would be utilized to pay future operating costs beyond the termination date of the Agreement with QMG. In the event of a change to the property manager, the County reserves the right to reallocate any unspent funds toward the continued operation of the Project campus.

Upon approval of Amendment No. 1 to the DACA, the County will fund \$1,526,809 for annual operating expenses into an escrow account with Haven View Escrow. The disbursement process and requirements are set forth in the DACA. Delegation of authority is being requested for the Chief Executive Officer, Assistant Executive Officer, or Director of CDH to sign Amendment No. 1 to the DACA and escrow instructions as execution of these documents are conditional upon the prior approval and execution of Amendment No. 3 with QMG.

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 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, for a total of \$1,600,000, and extending the term for one year, for a total period of February 9, 2021, through February 9, 2024.

On February 6, 2024 (Item No. 17), the Board approved Amendment No. 2 to the Agreement, extending the term for one additional year, from February 9, 2024, through February 9, 2025, at an annual cost of \$800,000, for a total of \$2,400,000. Item No. 17 also delegated authority to the Chief Executive Officer, Assistant Executive Officer, or Director of CDH to sign the DACA and escrow instructions, as well as non-substantive amendments to the Agreement with QMG.

On August 6, 2019 (Item No. 13), the Board accepted CESH Round 1 funds in the amount of \$1,459,234, and on March 10, 2020 (Item No. 25), the Board accepted CESH Round 2 funds in the amount of \$835,737. On February 27, 2024 (Item No. 22), the Board authorized the Chief Executive Officer to approve the expenditure of remaining CESH Round 1 funds in an amount up to \$900,000, and Round 2 funds in an amount up to \$626,809, for a total of \$1,526,809, and to execute all necessary documents, including agreements, to ensure timely expenditure of these CESH funds.

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PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Suzanne Bryant and John Tubbs II, Deputies County Counsel, 387-5455) on April 12, 2024; Auditor-Controller/Treasurer/Tax Collector (Mima Ugbo, Auditor-Controller Manager, 382-3035) on April 11, 2024; Finance (Chris Lange, Administrative Analyst, 386-8393) on April 15, 2024; and County Finance and Administration (Cheryl Adams, Deputy Executive Officer, 388-0332) on April 15, 2024.

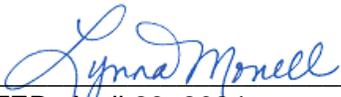
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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

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

Lynna Monell, CLERK OF THE BOARD

BY  _____
DATED: April 23, 2024



cc: CDH - Harmon w/agree for sign
 Contractor - c/o CDH w/agree
 File - w/agree
CCM 04/24/2024