



DATE: March 26, 2024

TO: Mayor and City Council

FROM: Assistant City Manager

SUBJECT: Adopt a Resolution Authorizing the City Manager to Amend the Agreement with Bay Area Community Services (BACS) for Fiscal Year 2023-2024 Hayward Navigation Center Operations for an Amount Not-to-Exceed \$2,500,894

RECOMMENDATION

That **the** Council adopts a resolution (Attachment II) authorizing the City Manager to amend the agreement with Bay Area Community Services (BACS) for Fiscal Year 2023-2024 Hayward Navigation Center (HNC) Operations for an Amount Not-to-Exceed \$2,500,894.

BACKGROUND

In October 2018, Council declared a shelter crisis in Hayward, finding that the health and safety of the City's growing homeless population is threatened by a lack of shelter.¹ Since the declaration, Council has worked aggressively to address these health and safety concerns through multifaceted approaches. Additional information around local and regional efforts can be found in the May 23, 2023, report² to Council. One of initiatives to support Hayward's homeless community is to provide emergency and transitional shelter. The Hayward Navigation Center (HNC), operated by Bay Area Community Services (BACS), opened in November 2019 with a nightly bed capacity of 45. Currently, the HNC has a total capacity of 60 shelter beds. Due to the rising cost of operating a shelter, the HNC is facing a FY 2023-2024 funding gap of \$70,164. Additional funding is required to support the ongoing operations through the end of the fiscal year. Staff is recommending the use of funding associated with the Distributor Settlement Agreement for Opioid Remediation to support the ongoing operations at the HNC through June 30, 2024.

¹ October 2, 2018 Hayward City Council meeting:
<https://hayward.legistar.com/LegislationDetail.aspx?ID=3690554&GUID=A8DF0FBF-2F19-4648-8632-2BFE62A97107&Options=&Search=3>

² May 23, 2023 Hayward City Council meeting:
<https://hayward.legistar.com/LegislationDetail.aspx?ID=6230209&GUID=B25EFB97-ADB4-45D7-BC5F-0BC0EE034F45&Options=&Search=>

DISCUSSION

BACS has been successfully operating the HNC since November 2019, providing outreach, housing navigation services, and flexible funds administration to individuals facing literal homelessness. Through Resolution Number 23-127, Council authorized the City Manager to negotiate and execute an agreement with BACS for FY 2023- 2024 HNC operations for an amount not-to-exceed \$2,403,730. The funding sources for BACS' FY 2023-2024 HNC operations agreement are outlined below in Table 1.

Table 1: FY 2023-2024 Hayward Navigation Center Contract Funding

Source	Amount
FY 2023-2024 General Fund	\$1,127,261
Permanent Local Housing Allocation	\$995,055
Homeless Housing, Assistance and Prevention	\$308,414
Total	\$2,403,730

Since its inception, BACS has operated the HNC and adapted their service delivery model in response to the Covid-19 pandemic and continues to be flexible while adjusting to the ongoing impacts, including the rising cost of food and staffing. In addition to maintaining IT infrastructure and security, unplanned facility maintenance at the HNC has increased in the last two years due to aging infrastructure. These expenses have contributed towards the rising cost to operate the shelter. Due to this, the estimated cost to operate the HNC through the end of the fiscal year, has risen to exceed Council's authorized FY 2023-2024 award to BACS, in an amount of \$70,164.

Available Funding to Support HNC Operations

On December 14, 2021³, and March 28, 2023⁴, Council approved the City's participation in National Opioid Settlement litigation and authorized the City Manager to accept the terms of the California Allocation Agreement and to execute and submit all necessary settlement participation documents on behalf of the City.

On March 5, 2024⁵, Council adopted Resolution Number 24-037, authorizing the City Manager or her designee to accept and appropriate \$1,349,312 in funding associated with the Distributor Settlement Agreement for Opioid Remediation and to allocate the funds in accordance with eligible uses specified in the Agreement.

³ December 14, 2021, City Council Staff Report and Materials:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=5357661&GUID=EA7FE236-03F6-4186-9950-9C8E558DA9BC&Options=&Search=>

⁴ March 28, 2023, City Council Staff Report and Materials:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=6105684&GUID=E37E2256-CAEF-4C2F-B45D-B277122D5961&Options=&Search=>

⁵ March 5, 2024, City Council Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=6561052&GUID=355597DF-7504-4108-A4BC-C67A50248439&Options=&Search=>

The use of funds is restricted to following eligible uses, as specified in the Distributor Settlement Agreement:

- Opioid use prevention programs and services
- Support the treatment of opioid use disorder and any co-occurring substance use disorder or mental health conditions
- Support people in treatment and recovery from opioid use disorder and any co-occurring substance use disorder or mental health conditions, including wrap-around services like housing, transportation, education, job placement, job training, peer support, counseling, community navigators, case management, legal services, and connections to community-based services
- Provide connections to care for people who have or are at risk of developing opioid use disorder and any co-occurring substance use disorder or mental health conditions
- Support efforts to discourage or prevent misuse of opioids
- Support efforts to prevent or reduce overdose deaths or other opioid-related harms

The City can utilize these funds to offset or supplement future expenses of existing programs, including the operations at the HNC. The HNC supports individuals experiencing homelessness with co-occurring substance use disorders by providing low-barrier respite, diverting individuals who are justice-involved or at-risk of being justice-involved into wraparound services, and helping to rapidly obtain permanent housing. These services in support of HNC clients who are recovering from Opioid Use Disorder (OUD) and any co-occurring Substance Use Disorder or Mental Health (SUD/MH) conditions would be an eligible use of funds.

Since June 2023, the City has received \$186,656 through this settlement agreement. Staff recommends that Council authorize the City Manager to amend the FY 2023-2024 Agreement with BACS for HNC operations to allocate \$70,164 in opioid settlement agreement funds, increasing the agreement to \$2,500,894 to continue operations through the end of the fiscal year.

The proposed funding sources for BACS’ amended FY 2023-2024 HNC operations agreement are outlined in Table 2 below.

Table 2: Proposed FY 2023-2024 Hayward Navigation Center Contract Funding

Source	Amount
FY 2023-2024 General Fund	\$1,127,261
Permanent Local Housing Allocation	\$995,055
Homeless Housing, Assistance and Prevention	\$308,414
Opioid Settlement Agreement	\$70,164
Total	\$2,500,894

Staff are committed to finding alternative ongoing sources of funding to support homelessness initiatives and will provide updates as opportunities become available.

ECONOMIC IMPACT

There is a positive economic impact from reducing homelessness and poverty and moving individuals into permanent housing as part of the Hayward Navigation Center operations.

FISCAL IMPACT

This item has no associated fiscal impact to the General Fund. All funds associated with the referenced agreement have been previously appropriated by Council.

STRATEGIC ROADMAP

This agenda item supports the Strategic Priority of Preserve, Protect, and Produce Housing, under

- Project H2: Implement the Homelessness Reduction Strategic Plan

PUBLIC CONTACT

This item is related to the Let's House Hayward (LHH) Strategic Plan, under Strategy 2.1. Through the LHH process, Homebase, City staff, and partners throughout the Hayward community have worked together to engage a diverse set of stakeholders to inform the plan and strategy for Hayward moving forward.⁶

NEXT STEPS

Prepared by: Carol Lee, Management Analyst

Recommended by: Amy Cole-Bloom, Community Services Manager
Regina Youngblood, Assistant City Manager

Approved by:



Kelly McAdoo, City Manager

⁶ For more information on the Let's House Hayward! Strategic Plan process, please visit <https://www.haywardca.gov/lets-house-hayward>