



Meeting Date: July 24, 2007

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input checked="" type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Will Reed Agenda Item No. 0-1

Reviewed By: City Manager [Signature] (A. Holmberg) [Signature] City Attorney [Signature] Finance SW Other (Specify) N/A

DATE: July 12, 2007

TO: City Council

FROM: Sal Gonzalez, Housing Director [Signature] Housing Department

SUBJECT: Residential Treatment Center Proposal for 1450 Rose Avenue (formerly the Rainbow House site)

RECOMMENDATION

That the City Council authorize the City Manager to execute a three (3) year lease with Miracle House in a form approved by the City Attorney for the purpose of providing residential treatment for women with alcohol and chemical dependency issues at 1450 South Rose Avenue.

SUMMARY

This report details the lease negotiations that were conducted by the City's Housing Department (Department) and the three (3) respondents to the Request for Proposals for the use of the property that is 1450 South Rose Avenue. The respondents were Miracle Recovery Centers of Ventura, Services United, Incorporated of Oxnard, and The Lighthouse Women & Children's Mission of Oxnard.

DISCUSSION

At its June 12, 2007 meeting, the Department presented its staff report to City Council from the RFP process regarding the proposed use of 1450 South Rose Avenue. At the conclusion of the hearing, City Council instructed the Department to enter into lease negotiations with each of the respondents and return with a recommendation. Once again, the respondents are as follows:

1. Lighthouse Women & Children's Mission
104 & 150 North Hayes Street
Oxnard, CA 93031
2. Miracle Recovery Centers
1997 East Main Street
Ventura, CA 93001

3. Services United, Inc.
1300 West Gonzalez Road, Suite 102A
Oxnard, CA 93030

On July 6, 2007, the lease negotiations were held for Lighthouse Women's and Children's Mission and Services United, and the process for Miracle Recovery Centers was completed on July 12, 2007.

Lease Negotiation Results

Miracle Recovery Centers

Miracle Recovery Centers is willing to enter into a three (3) year lease agreement with the City and pay rent in the amount of \$2,000 per month. In addition to the monthly rents, it will pay all utilities and regular maintenance at the property. All necessary insurances can be obtained by naming the City as an "Additional Insured" while the contract is in effect. Miracle Recovery Centers has the financial capacity to operate the facility without any anticipated funding assistance from the City and is in a position to assign the identified staff to the location, as well as transfer the State of California Department of Alcohol and Drug Programs Certification and License to the facility by the anticipated September 1 deadline date.

Lighthouse Women and Children's Mission

Lighthouse entered into the negotiations with a treatment program which had a required religious component. Lighthouse would not relinquish or modify this requirement, thereby disqualifying it from the process based on guidelines issued by HUD regarding religious organizations. Title 24, Section 5.109 of the Code of Federal Regulations states that religious activities may not be conducted on premises rehabilitated with HUD funds. The City Attorneys Office has had several conversations with the Director of the Task Force for Faith-Based and Community Initiatives and the Office of the Deputy Attorney General concerning this issue. Additionally, a HUD representative was contacted regarding the issue. All have concluded that mandatory religious activities cannot be conducted at the Rose Avenue site.

Services United

Services United, Inc. proposed to lease the property from the City at \$3,500 per month. In addition to paying this amount, Services United would cover the cost of landscaping, utilities, and security. The remaining clauses in the Lease was agreed upon by Services United with regards to insurances, maintenance, destruction of the property, entry by City Staff, and termination for default.

At the negotiation meeting Services United proposed an entirely different budget than was originally submitted with its response to the RFP. Their original response included an operating budget of \$439,000 of which \$391,000 was to come from the City in the way of sponsorship (i.e. actual payment to Services United) of 15 Transitional Beds and 5 Emergency Shelter beds. However, the proposal submitted on the day of negotiations was for the amount of \$566,400 including City funding in the amount of \$371,800 for the sponsorship of 15 Transitional Housing Beds and 3 Perinatal Beds via Emergency Shelter Vouchers. All respondents were made fully aware of the fact that no City funds were available for the daily operation of the facility

Monitoring/Accountability

Staff has prepared a Homeless Programs Compliance & Performance Monitoring Tool, which is

July 12, 2007

Page 3

currently being used by the San Diego County and recommended by HUD's Los Angeles Field Office for all Supportive Housing Program awardees. This tool has been modified and submitted to the Commission on Homelessness for final edits prior to being formally adopted and implemented. The process calls for quarterly monitoring of all Supportive Housing Program and Emergency Shelter Grant recipients. These quarterly progress reports will be presented to City Council, and if necessary, providers will be asked to speak before City Council regarding specific issues.

FINANCIAL IMPACT

If City Council's direction is to enter into a Lease Agreement with Miracle Recovery Centers there will be revenues of \$24,000 annually received by the Housing Department.

However, if the City Council's direction is to enter into a Lease Agreement with Services United there will be an annual financial impact of either \$391,000 or \$371,800 of which is unfunded as indicated in the report.

000105