



## DISCUSSION

### City of San Bernardino Request for Council Action

**Date:** December 18, 2024

**To:** Honorable Mayor and City Council

**From:** Rochelle Clayton, Acting City Manager;  
Gabriel Elliott, Director of Community Development and Housing

**Department:** Community Development and Housing

**Subject:** **Approval of Service Contract for Homeless Outreach Provider and Transfer of American Rescue Plan Act (ARPA) Funding to New Contract (All Wards)**

#### **Recommendation**

It is recommended that the Mayor and City Council of the City of San Bernardino, California:

1. Accept Hope the Mission's (HTM) Notice to Terminate its Professional Services Agreement with the City effective December 22, 2024; and
2. Authorize the City Manager to Execute a Professional Services Agreement with Salvation Army for Homeless Outreach Services beginning December 18, 2024, through December 31, 2026; and
3. Authorize the Director of Finance and Management Services to issue a Purchase Order in an amount not to exceed \$680,000 to the Salvation Army using the remaining ARPA funds from the terminated agreement with HTM.

#### **Executive Summary**

On November 25, 2025, Hope the Mission submitted a formal notice of its intent to terminate its Professional Services Agreement with the City of San Bernardino, with its final day of service being December 22, 2024. To prevent disruptions or gaps to vital homeless outreach services, particularly during the critical holiday season, it is requested that Council approves a homeless outreach contract with a local, experienced organization that specializes in providing services to the targeted population. To ensure continuity and address ongoing service delivery challenges, staff recommends awarding a new agreement to The Salvation Army, which was the

second-ranked proposer from the original homeless outreach procurement process.

Because the City did not include Rapid Rehousing as a task in the Request for Proposals (in 2023) for Homeless Outreach services, this contract cannot include such services as part of the ARPA funding award. Staff will bring back an item to request additional funding for Rapid Rehousing services to help stabilize unhoused individuals ready to transition from the streets or shelter into permanent housing.

### **Background**

The City of San Bernardino continues to grapple with a severe homelessness crisis, housing 36% of San Bernardino County's homeless population, as reported in the 2024 Point-in-Time Count (PITC). Recognizing the urgent need for targeted outreach, the City Council allocated \$1.5 million in American Rescue Plan Act (ARPA) funds in 2023 to enhance homeless outreach efforts. Hope the Mission was awarded the initial contract to provide these services, focusing on engaging at-risk populations, including participants in the City's motel voucher program and individuals identified as homeless under HUD guidelines.

While Hope the Mission was tasked with leading these efforts, their performance has not met contractual standards. Key deficiencies include:

- Limited engagement with homeless populations despite the presence of 200+ documented encampments.
- Ineffective coordination with the City Police Department to address homelessness-related concerns.
- Minimal collaboration with County services and local non-profit organizations.
- Insufficient reporting and documentation of outreach activities.
- Concerns raised by County partners during homeless activity meetings regarding lack of responsiveness.
- Inability to improve performance despite ongoing coaching and retraining interventions.

These persistent issues have hindered the City's efforts to address homelessness comprehensively and necessitate a strategic shift to a more capable service provider.

### **Current Agreement Status**

The Professional Services Agreement with HTM, executed June 1, 2023, and funded through ARPA, has undergone two amendments:

- Amendment #1 (June 26, 2023): Modified funding parameters and operational requirements
- Amendment #2 (May 1, 2024): Extended term through May 31, 2025

Despite these adjustments, HTM has opted to terminate the agreement prematurely,

leaving approximately 5 months remaining in the contract term and \$680,000 in unexpended ARPA funds. This termination indicates the need for a capable and reliable partner to ensure uninterrupted service delivery.

## **Discussion**

### **Homeless Outreach Services Agreement**

Staff recommends transitioning homeless outreach services to the Salvation Army, the second-ranked proposer from the City's original homeless outreach procurement process. The City would like to partner with the Salvation Army due to its extensive experience, capacity, and readiness to assume responsibilities immediately.

### **Reallocation of Remaining ARPA Funds**

Hope the Mission's (HTM) existing homeless outreach contract has a remaining \$680,000 in ARPA funds. Staff recommends that the remaining ARPA funds be rolled into a new homeless outreach contract with the Salvation Army. The Agreement's term would extend from December 4, 2024, through December 31, 2026.

The Salvation Army is uniquely positioned to address the current service delivery gaps left by Hope the Mission's contract termination. Key factors supporting this recommendation include:

#### **1. Proven Track Record of Service Delivery**

The Salvation Army has an extensive history of delivering high-quality homeless services, including emergency shelter, outreach, homelessness prevention, and rapid re-housing activities (though rapid re-housing services is not included in this contract). They have consistently met and exceeded performance benchmarks in neighboring jurisdictions, demonstrating their ability to manage complex outreach efforts effectively.

#### **2. Established Local Presence and Community Connections**

As an organization deeply embedded in the community, The Salvation Army has cultivated strong relationships with local stakeholders, including non-profits, faith-based organizations, and service providers. This network allows them to coordinate outreach efforts efficiently and deliver holistic, person-centered care to those experiencing homelessness.

#### **3. Demonstrated Ability to Mobilize Services Rapidly**

The Salvation Army has shown its capacity to respond swiftly to emerging needs, making it an ideal candidate to ensure a seamless transition. Their operational readiness, experienced staff, and established infrastructure enable them to deploy resources and begin service delivery without delay, ensuring minimal disruption to critical outreach services.

#### **4. Strong Existing Partnerships with Regional Stakeholders**

The Salvation Army has cultivated robust partnerships with City and County agencies, including law enforcement, public health, and housing services. These collaborative relationships enhance their ability to provide coordinated care and connect individuals

experiencing homelessness with appropriate resources and services.

## 5. Comprehensive Understanding of Local Homelessness Challenges

With years of experience addressing homelessness in the region, The Salvation Army brings valuable insights into the specific needs and barriers faced by unsheltered individuals in San Bernardino. Their data-driven approach and familiarity with HUD guidelines ensure compliance with federal standards while tailoring services to meet local demands.

The Salvation Army's ability to address service gaps, strengthen inter-agency coordination, and maintain the momentum of the City's homelessness response strategy aligns with the City's goals to improve outcomes for unsheltered residents. This transition is critical to ensuring the continuity of essential services and advancing the City's broader objectives of reducing homelessness and enhancing the quality of life for all residents.

### Operational and Rate Comparison Between Hope the Mission and the Salvation Army

Salaries and Benefits	Total Cost
<b>Hope the Mission</b>	<b>\$977,756.80</b>
Program Manager (1)	\$140,000.00
Peer Specialist (2)	\$166,400.00
SUD Counselors (2)	\$199,680.00
Case Managers (1)	\$183,040.00
Data Coordinator (1)	\$112,320.00
Employee Benefits @22%	\$176,316.80
<b>Salvation Army</b>	<b>\$434,515.00</b>
Business Admin (1)	\$48,125.00
Director of Programs (1)	\$96,250.00
Outreach Advocates (1)	\$48,241.00
Outreach Navigators (2)	\$241,899.00

#### 1. Salaries and Benefits Analysis

- Hope the Mission Total Salaries and Benefits: \$977,756.80
- Salvation Army Total Salaries and Benefits: \$434,515.00

##### Key Insight

The Salvation Army's staffing costs are 55% lower than Hope the Mission's, with resources focused on positions directly aligned with outreach and service delivery goals.

#### 2. Cost Breakdown by Position

##### Hope the Mission Staffing Model:

- Program Manager (1): \$140,000.00 – High salary for a management role with no demonstrated experience in homelessness programs.
- Peer Specialists (2): \$166,400.00 – These roles overlap with outreach efforts already covered by Navigators in the Salvation Army's model.

- SUD Counselors (2): \$199,680.00 – Positions specialized for substance use disorders, but staff had limited experience and were outside the immediate scope of basic street outreach.
- Case Managers (1): \$183,040.00 – Extremely high cost for a single role.
- Data Coordinator (1): \$112,320.00 – Necessary for data tracking, but the cost exceeds typical outreach support roles.
- Employee Benefits @ 22%: \$176,316.80 – Adds significant expense to an already inflated staffing model.

#### **Salvation Army Staffing Model:**

- Outreach Navigators (2): \$241,899.00 – Core frontline positions ensuring direct engagement with unsheltered individuals.
- Outreach Advocate (1): \$48,241.00 – Supports outreach efforts and assists with client needs and service connections.
- Director of Programs (1): \$96,250.00 – Provides effective program oversight and management at a reasonable cost.
- Business Admin (1): \$48,125.00 – Ensures administrative efficiency and assists with data, and resource allocation with facilitation to immediate resources such as emergency shelter, homeless prevention, and other homeless services

#### **Observation:**

The Salvation Army prioritizes frontline outreach positions while maintaining a lean administrative structure, directly supporting program goals

### **3. Experience and Effectiveness**

#### **Hope the Mission:**

- Staff average just **1 year** of experience in homelessness services due to the organization's recent entry into the County.
- Program Manager lacks experience in homelessness programs, potentially hindering implementation and leadership.
- Inexperience increases risks of inefficiencies, delays, and missed benchmarks.

#### **Salvation Army:**

- Staff have **5-12 years** of experience in homelessness services, including street outreach, emergency shelter, and rapid rehousing (though rapid rehousing is not funded under this contract).
- Extensive experience with federal, state, and county grants ensures:
  - Compliance with Federal, State, and County grant regulations.
  - Effective coordination with the County's Coordinated Entry System (CES).
  - Tailored outreach strategies based on familiarity with local challenges.

### **4. Financial and Programmatic Efficiency**

#### **Hope the Mission:**

- Salaries and Benefits: **\$977,756.80** – Driven by high-cost roles misaligned with basic outreach (e.g., SUD Counselors: \$199,680, Case Managers: \$183,040).
- High costs are coupled with an inexperienced team, reducing overall program value.

**Salvation Army:**

- Salaries and Benefits: **\$434,515.00** – Aligned with outreach goals:
  - Outreach Navigators (2): \$241,899.00 (core frontline staff).
  - Outreach Advocate (1): \$48,241.00 (supports connections to services).
  - Director of Programs and Business Administration ensure oversight without unnecessary costs.

Operational Cost	Total Cost
<b>Hope The Mission</b>	<b>\$266,990.00</b>
Client Expenses	\$90,000.00
Client Financial Assistance	\$113,550.00
Field Telephone Communications	\$8,640.00
Office Supplies, Postage, Printing	\$6,000.00
Professional Liability Insurance	\$10,000.00
Program Supplies	\$6,000.00
Staff Training Development	\$1,600.00
Vehicle Gas/Maintenance/Insurance	\$31,200.00
<b>Salvation Army</b>	<b>\$104,683.00</b>
A Way Back Home Transitional Assistance \$800 per person X 1 case per month	\$17,600.00
Equipment (Laptops and accessories)	\$3,500.00
Essential Items/Direct Assistance (Food, Hygiene kits, blankets, clothing, etc)	\$34,650.00
Occupancy/Facility Expenses - estimated at 20% of \$40,000 annually	\$22,933.00
Supplies - PPE, safety attire, packages for client items	\$15,000.00
Transportation (Fuel and maintenance), \$500/month	\$11,000.00
<b>Grand Total</b>	<b>\$371,673.00</b>

**Cost Savings**

The Salvation Army achieves the same outreach objectives at **less than half the cost** while deploying an experienced team. This allows for:

- More funding is directed toward client services (e.g., housing navigation, transitional assistance).
- Greater value for each dollar invested, maximizing impact on unsheltered individuals.

**Grand Total Cost Comparison**

- Salvation Army: \$680,028.00
- Hope the Mission: \$1,500,021.48

**2021-2025 Strategic Targets and Goals**

Approval of the Agreements with the Salvation Army aligns with Strategic Target No. 3: Improved Quality of Life by reducing the burden of homelessness through enjoyment, collaboration, and partnership with other entities.

**Fiscal Impact**

There is no fiscal impact to the General Fund.

**Conclusion**

It is recommended that the Mayor and City Council of the City of San Bernardino, California:

1. Accept Hope the Mission’s (HTM) Notice to Terminate its Professional Services Agreement with the City effective December 22, 2024; and
2. Authorize the City Manager to Execute a Professional Services Agreement with Salvation Army for Homeless Outreach Services beginning December 18, 2024, through December 31, 2026; and
3. Authorize the Director of Finance and Management Services to issue a Purchase Order in an amount not to exceed \$680,000 to the Salvation Army using the remaining ARPA funds from the terminated agreement with HTM.

**Attachments**

- |              |                                                                                        |
|--------------|----------------------------------------------------------------------------------------|
| Attachment 1 | Professional Services Agreement with the Salvation Army for Homeless Outreach Services |
| Attachment 2 | 2 <sup>nd</sup> Amendment to the Professional Services Agreement with Hope the Mission |
| Attachment 3 | 1 <sup>st</sup> Amendment to the Professional Services Agreement with Hope the Mission |
| Attachment 4 | Professional Services Agreement with Hope the Mission                                  |
| Attachment 5 | Salvation Army Proposal (02-23-2023)                                                   |
| Attachment 6 | Request for Proposals (RFP F-23-30)                                                    |

**Ward**

All Wards

**Synopsis of Previous Council Actions**

- |                  |                                                                                                                                   |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| August 4, 2021   | Mayor and City Council received a report and discussed the allocation of ARPA funds.                                              |
| December 7, 2022 | Mayor and City Council approved the use of ARPA funds in the amount of \$1.5million to create a city-wide Homeless Outreach Team. |

February 1, 2023	Mayor and City Council approved a Homelessness State of Emergency Declaration.
May 17, 2023	Mayor and City Council approved the Professional Services Agreement with Hope the Mission for Outreach Services.
June 26, 2023	Mayor and City Council approved Amendment #1 to the Professional Services Agreement with Hope the Mission.
May 1, 2024	Mayor and City Council approved Amendment #2 to the Professional Services Agreement with Hope the Mission to extend the agreement term by one year until May 31, 2025.