



Memorandum

TO: HONORABLE MAYOR
CITY COUNCIL

FROM: Matt Loesch
Erik L. Soliván
Omar Passons

SUBJECT: SEE BELOW

DATE: May 28, 2024

Approved

Date

6/7/24

**SUBJECT: POTENTIAL SUPPORTIVE OUTDOOR SLEEPING/TEMPORARY
ALTERNATIVE SLEEPING SITES AND RELATED
IMPLEMENTATION ACTIONS**

RECOMMENDATION

- (a) Adopt a resolution authorizing the City Manager, or her designee, to proceed with necessary feasibility studies, development, and construction of the potential sites as identified in the Table of this memorandum that are determined feasible for Supportive Outdoor Sleeping, Basic Needs Sites, or other temporary housing options without further action from the City Council, subject to any further additional environmental review or other approvals.
- (b) Adopt a resolution granting authority to the Director of Public Works through June 30, 2025, unless removed by the City Council prior to that date, to:
 - (1) Review and approve CEQA documentation for selected sites for supportive outdoor sleeping and/or basic needs sites;
 - (2) Review and approve CEQA documentation for the Cerone Yard Interim Housing Project site;
 - (3) Award and execute contract(s) for the construction of project(s) for the purpose of supportive outdoor sleeping and/or basic needs sites at various locations to the lowest responsive, responsible bidder in an amount not to exceed \$5,000,000 for each site;
 - (4) Award and execute contract(s) for the construction of interim housing projects at Cerone and/or Cherry sites to the lowest responsive, responsible bidder in an amount not to exceed \$25,000,000 each;
 - (5) Decide any timely bid protest(s) and make the City's final determination as to the lowest responsive bidder that is responsible as needed to award the contract(s); and
 - (6) Approve a contingency in the amount of 10% of the contract amount for each contract.

SUMMARY AND OUTCOME

Approval of this recommendation will authorize the City Manager or her designee to proceed with necessary feasibility studies of the potential sites, and develop sites, subject to resource availability, that are determined to be feasible. If determined feasible, these sites may be used for Supportive Outdoor Sleeping (SOS), Basic Needs Sites, or other temporary housing options. This initiative is part of the City's broader effort to address homelessness by providing managed and secure environments for unsheltered individuals, in alignment with the Community Plan to End Homelessness¹ Strategy #3.

This authorization provides the flexibility to conduct in-depth analyses of the potential sites. Based on further analysis and resource availability, staff will determine which sites to pursue and what additional steps may be required to develop the site.

Approval of the resolution authorizing the Director of Public Works to award and execute contract(s), decide protests, and approve a contingency for SOS and Basic Needs Sites will expedite the contract award process and the construction start for each project. With the expedited process, staff anticipates the time to construction to be quicker than seeking City Council approval for each. However, any CEQA appeal will be heard by the City Council in accordance with Title 21 of the San José Municipal Code and state law.

BACKGROUND

This memorandum provides an update on the ongoing efforts by the City of San José to identify potential safe sleeping sites or other temporary alternatives as part of the broader initiative to address homelessness. The need for these sites arises from the need to address state permit requirements and to reduce the harm and increase hygiene available to people on City streets in alignment with the Community Plan to End Homelessness Strategy #3, "to improve quality of life for unsheltered individuals and create healthy neighborhoods for all." These efforts help create community expectations and improve health and safety while addressing critical environmental issues.

The effort to establish safe sleeping sites was initiated following the City Council's endorsement of the Community Plan to End Homelessness (2020-2025) in August 2020. This plan outlines strategies to address homelessness, including the development of SOS sites². These sites are designed to provide managed and secure environments for unsheltered individuals as an alternative to encampments.

In accordance with Section 1204 of the San José City Charter, the City Council approved the Mayor's March Budget Message for Fiscal Year 2024-2025, which emphasized the urgent need

¹ <https://www.sanjoseca.gov/home/showpublisheddocument/111629/638509313329570000>

² Although the Community Plan refers to "sanctioned encampments," Supportive Outdoor Sleeping builds on the foundations of that model by increasing supportive services.

for safe sleeping sites. The message highlighted the critical situation of approximately 1,000 unhoused individuals living along the City's creeks and the necessity to comply with the California State Water Resources Control Board's mandate to provide safe alternatives to these encampments. The Mayor's March Budget Message for Fiscal Year 2024-2025 noted the success of similar programs in other cities, such as Reno and San Diego, which offer shelter through individual sleeping pods and large tents for congregate shelter.

In accordance with City Council direction, the City Manager's 2024-2025 Proposed Operating Budget allocates \$10.0 million in 2024-2025, \$5.0 million ongoing, to establish basic, low-cost, low-barrier safe sleeping sites by the end of December 2024, contingent upon City Council approval of one or more sites before July 2024. This initiative aims to significantly reduce the number of encampments along waterways. Additionally, the City Manager will evaluate a broader range of low-cost strategies and potential sites, including Santa Clara Valley Water District sites, to prevent displacement of homeless residents into other neighborhoods.

The City Council has previously considered the creation of SOS sites as part of its broader efforts to manage the impacts of the homelessness crisis. These sites aim to offer essential services, including food, potable water, toilets, showers, waste disposal, case management, and social services. The primary goal is to improve the quality of life for unsheltered individuals and help them move toward self-sufficiency.

Existing policies supporting this initiative include the Community Plan to End Homelessness, which emphasizes creating safe and supportive environments for unhoused members of the community. The establishment of SOS sites is also part of the City's efforts to comply with permit requirements to limit pollution and contaminated waterways and avoid enforcement actions from regulatory bodies such as the California State Water Resources Control Board and other third parties.

To date, City staff has been working to identify and evaluate potential sites for the SOS program. This process has involved coordination with willing property owners, such as Santa Clara Valley Water District, preliminary environmental and real estate analysis, and considering any potential geographic constraints of potential sites (e.g., steep slopes, uneven surfaces, riparian area setbacks, etc.).

This report provides an update on the progress made in identifying potential SOS sites and seeks City Council approval subject to the next steps identified in the analysis section.

In addition, staff has consistently sought ways to accelerate delivery of all types of housing-related solutions. This action follows that pattern by seeking to further expedite the process by granting additional authority to the Director of Public Works. Often, depending on the project scope, it can take three to five months for a major public works project to move from Notice of Intent to Award to Notice to Proceed. While staff completes many tasks in parallel, City Council memoranda production, coordination, review, and posting can typically take six weeks in the period. One of the parallel path tasks is to address CEQA topics and issues. With CEQA

approval and awarding of larger dollar contracts delegated to the Director of Public Works, staff will be able to get to construction more rapidly on these projects. The Director of Public Works holds the CEQA and procurement processes as critical responsibilities when building capital improvements. With the standard reporting requirements, the public will be informed how these delegated authorities are utilized.

In addition to the above steps to expedite efforts, on October 24, 2023, City Council adopted the Shelter Crisis declaration and proclamation of a local emergency caused by conditions and threatened conditions of homelessness in the City.³ The City Council will consider extending the declaration and proclamation on June 18, 2024. The proposed work under this memorandum will be done pursuant to the Shelter Crisis declaration and proclamation of a local emergency.

ANALYSIS

Sites Consideration and Preliminary Approval

Staff identified and analyzed several potential sites for the development of SOS sites, Basic Needs Sites, or other temporary housing options. The following is a brief description of the preliminary scope of programming for SOS and Basic Needs Sites.

1. **SOS** sites can add additional infrastructure and service opportunities for individuals living in encampments by creating an alternative to encampments that lack a combination of services and case management with an option that includes these items and will provide a supportive environment until participants access housing opportunities. SOS sites primarily consist of a secured and managed individual tent area for adults 18+ with food, potable water, toilets, showers and laundry, and waste disposal that would not just sustain life, but would allow participants to pursue employment and other activities that lead to self-sufficiency.
2. **Basic Needs Sites** can add additional service opportunities by providing basic trash services, portable toilets, hand washing stations, showers and laundry, trash disposal, and some form of limited site security or monitoring.

These sites have undergone initial environmental assessments, and this memorandum seeks approval to move forward with further analysis and, if determined viable, to proceed with the development of managed and secure environments for unsheltered individuals. These may include SOS, Basic Needs Sites, or other temporary alternatives.

³Item 8.2, File 23-1433, October 24, 2023: Adoption of an Ordinance Amending Title 5 of the San José Municipal Code to Add Chapter 5.12 Adopting Reasonable Local Standards for Homeless Shelters and Declaration of a Shelter Crisis and Proclamation of a Local Emergency :

<https://sanjose.legistar.com/View.ashx?M=F&ID=12375178&GUID=C2553459-2B9F-46F1-B6ED-AFA40BDAB142>

Preliminary Environmental and Real Estate Review

The preliminary environmental and real estate review process includes an assessment of geographic constraints, such as steep slopes and uneven surfaces, and an evaluation of each site's suitability for development. This step is crucial to ensure that only promising sites undergo more in-depth analysis, which may include detailed environmental impact assessments, real estate due diligence, and feasibility studies.

Potential Sites for Further Evaluation

The Planning, Building, and Code Enforcement Department and the City Manager's Office of Economic Development and Cultural Affairs conducted preliminary analyses to assess real estate feasibility, including environmental impact. Preliminary environmental analysis included evaluating possible conditions that could be hazardous to people, sensitive habitat, environmental restrictions, and other considerations that might render a site unsuitable for these purposes. The purpose of these preliminary evaluations was to determine if any of these sites would be prohibited from potential development due to legal, environmental, or land use considerations.

Based on initial findings, the following sites are proposed for further evaluation.

Table: Potential Sites for SOS and Basic Needs Sites

Site Name/Location	Parcel Number	Due Diligence (partial summary)
South Parcel off Lelong Street	434-04-003, -004, -011, -012, -013, -066, -083, -084, -088	Staff performed a preliminary site analysis and determined that it is potentially suitable for SOS.
North Parcel off Willow Street	264-48-098	Staff performed a preliminary site analysis and determined that it is potentially suitable for SOS.
14020 and 3278 Almaden Road	459-01-021 459-02-001	No air quality or flood zone studies needed. The site is potentially suitable for SOS.
Almaden Road at Canoas Garden Avenue	456-18-001	No air quality concerns; further flood zone analysis and possible noise impacts require additional analysis.
1157 E. Taylor Street	249-21-006	No flood zone concerns; proximity to US-101 and to aircraft flyover will require further analysis.

Taylor Acquisition Parcels	249-21-003, -004	No flood zone concerns; proximity to US-101 and to aircraft flyover will require further analysis.
South Coyote Valley site	725-01-023	Preliminary analysis indicates the project is consistent with the Mitigated Negative Declaration for the Emergency Interim Housing Programs project. Further analysis required.
Tully/Monterey Property	477-25-044 477-23-036	No air quality concerns; no flood measures required; potential noise analysis may be required.
Kelley Park/Phelan Parking Lot	477-12-032, -020	Staff performed a preliminary site analysis and determined that it is potentially suitable for Safe Parking or SOS.

Next Steps

Upon approval of this recommendation, the City Manager will initiate a determination of what additional analysis is needed to conclude which sites would be most feasible for SOS and Basic Needs Sites. This involves further evaluating the suitability of these sites, conducting in-depth analyses on various locations, and development of the model for site operations.

Authorizing the Director of Public Works to award and execute the construction contract(s) for SOS and Basic Needs Sites will reduce the project schedule(s) by approximately six to eight weeks. Similarly, authorizing the Director of Public Works to take these actions on the Cerone and Cherry sites will reduce the project schedules by a similar timeframe. The expeditious award and execution of the contract(s) will also provide the necessary flexibility for staff to reduce the project schedule by approximately six to eight weeks and allow for an earlier construction start date.

Presently, the Director of Public Works reports to the City Council semi-annually on the utilization of delegated authority for contract execution and change orders in compliance with San José Municipal Code. Staff envisions including all contracts executed under this delegated authority in those reports.

EVALUATION AND FOLLOW-UP

If approved by the City Council, staff will move forward with further evaluation of sites to efficiently identify what additional testing is necessary to determine feasibility. Upon completing the feasibility analysis, staff will make a determination about which sites to proceed with, begin

steps toward full implementation, and determine appropriate mechanisms for future notification to the City Council and community input. Staff will provide an Information Memorandum or will provide an update as part of the Consolidated Annual Homelessness Report in fall 2024, including a timeline of potential site(s) opening and further analysis of site operations. Further, the Information Memorandum would include a description of any exercise of delegated authority authorized under this action and any updates on estimated costs and operating models, as discussed below.

COST SUMMARY/IMPLICATIONS

At this time, the Administration does not have firm estimates on the construction or operations of SOS and Basic Needs sites, as the construction costs could vary significantly depending upon final site conditions and the operating costs will vary depending on the operating model the City moves forward with.

Preliminary scoping exercises have yielded development costs that range from \$18,000 to \$40,000 per tent for an SOS site, depending upon the initial site conditions and necessary site improvements. While this range is significant, the recommended actions cap authority at \$5.0 million per site. The operating models for SOS and Basic Needs Sites are also still under development, and will vary on the level of services provided, from basic sanitation up to active case management, and the actual bids received from service operators. Initial estimates assume \$33,000 per person annually for an SOS site and \$22,000 for a Basic Needs Site, though the Administration is working to refine estimates and operating assumptions.

It is important to note that the sustainability of this work depends upon bringing forward an operating model that is budgetarily efficient, enables the City to comply with Stormwater Permit requirements, meets or exceeds minimum standards for health and safety, and provides opportunities to unhoused residents to transition into other forms of managed sheltering or permanent housing.

COORDINATION

This memorandum was coordinated with the City Attorney's Office, the City Manager's Budget Office, the City Manager's Office of Economic Development and Cultural Affairs, and the Planning, Building, and Code Enforcement Department.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the June 18, 2024 City Council meeting.

HONORABLE MAYOR AND CITY COUNCIL

May 28, 2024

Subject: Potential Supportive Outdoor Sleeping / Temporary Alternative Sleeping Sites and Related Implementation Actions

Page 8

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Determination of Consistency with the Mitigated Negative Declaration for the Emergency Interim Housing Programs project (Resolution No. RES2023-380), File Nos. ER22-198 and ER24-015. Any appeal of CEQA will be pursuant to Title 21 of the San José Municipal Code.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

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Director of Public Works

/s/

ERIK L. SOLIVAN

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/s/

OMAR PASSONS

Deputy City Manager

The principal author of this memorandum is Jiri Rutner, Assistant to the City Manager. For questions, please contact Jiri Rutner, at Jiri.Rutner@sanjoseca.gov.