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**File ID:** 2024-00515

4/2/2024

**Discussion Item 14.**

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**City Auditor's Preliminary Report on the City's Homeless Response and Audit Scope Proposal**

File ID: 2024-00515

**Location:** Citywide

**Recommendation:** Pass a **Motion** approving the City Auditor's Preliminary Report on the City's Homeless Response and Audit Scope Proposal.

**Contact:** Farishta Ahrary, Interim City Auditor, (916) 808-7266, fahrary@cityofsacramento.org, Office of the City Auditor

**Presenter:** Farishta Ahrary, Interim City Auditor, (916) 808-7266, fahrary@cityofsacramento.org, Office of the City Auditor

**Attachments:**

- 1-Description/Analysis
- 2-City Auditor's Preliminary Report on the City's Homeless Response
- 3-Audit Scope Proposal

**Description/Analysis**

**Issue Detail:** This report was approved as part of the City Auditor's 2023-24 Work Plan. According to the City Council Rules of Procedures, the Budget and Audit Committee shall receive, review, and forward to the council as appropriate reports, recommendations, and updates from the City Auditor. This report documents the City Auditor's Preliminary Report on the City's Homeless Response and Audit Scope Proposal.

**Policy Considerations:** The City Auditor's presentation of the Preliminary Report on the City's Homeless Response and Audit Scope Proposal is consistent with the Mayor and City Council's intent to have an independent audit function for the City of Sacramento.

**Economic Impacts:** None.

**Environmental Considerations:** None.

**Sustainability:** None.

**Commission/Committee Action:** On February 27, 2024, the Budget and Audit Committee passed a motion to accept the City Auditor's Preliminary Report on the City's Homeless Response and to forward to the City Council for approval with recommendations. In response to the direction provided and the motion passed by the Budget and Audit Committee, we have also included an Audit Scope Proposal with the City Auditor's Preliminary Report on the City's Homeless Response.

**Rationale for Recommendation:** This staff report provides the City Council with information that may be used to meet its responsibility to provide oversight and supervision of the City Auditor and other City departments.

**Financial Considerations:** The cost of the City Auditor's Preliminary Report on the City's Homeless Response and Audit Scope Proposal were funded out of the Office of the City Auditor budget.

**Local Business Enterprise (LBE):** Not applicable.

# Preliminary Report on the City's Homeless Response

Report# 2023/24-11 | February 2024

Background on the City's Homeless Response

Cost of Homelessness to the City

Preliminary Scope Considerations

Potential Audit Objectives



*City of*  
**SACRAMENTO**  
Office of the City Auditor

*Performance Audit Division*

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### Our Mission

*To provide a catalyst for improvements of municipal operations and promote a credible, efficient, effective, equitable, fair, focused, transparent, and fully accountable City government.*

### Our Vision

*To improve City services by providing independent, objective, and reliable information regarding the City's ability to meet its goals and objectives and establish an adequate system of internal controls, root out improper governmental activities (i.e., fraud, waste, or abuse), and address racial, gender, and ethnic inequities.*

### Suggest an Audit

The Office of the City Auditor conducts performance audits of the City of Sacramento's operations to determine whether these operations and programs are operating efficiently and effectively. If you would like to offer ideas for audits to save the City money, increase revenues, or improve the efficiency and effectiveness of City operations and programs, please fill out our online form:

[https://forms.cityofsacramento.org/f/Suggest\\_an\\_Audit\\_Form](https://forms.cityofsacramento.org/f/Suggest_an_Audit_Form)

### Whistleblower Hotline

In the interest of public accountability and being responsible stewards of public funds, the City has established a whistleblower hotline. The hotline protects the anonymity of those leaving tips to the extent permitted by law. The service is available 24 hours a day, 7 days week, 365 days per year. Through this service, all phone calls and emails will be received anonymously by third party staff.

Report online at <http://www.cityofsacramento.ethicspoint.com> or call toll-free: 888-245-8859.

The City of Sacramento's Office of the City Auditor can be contacted by phone at 916-808-1166 or at the address below:

915 I Street  
MC09100  
Historic City Hall, Floor 2  
Sacramento, CA 95814

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# FACT SHEET

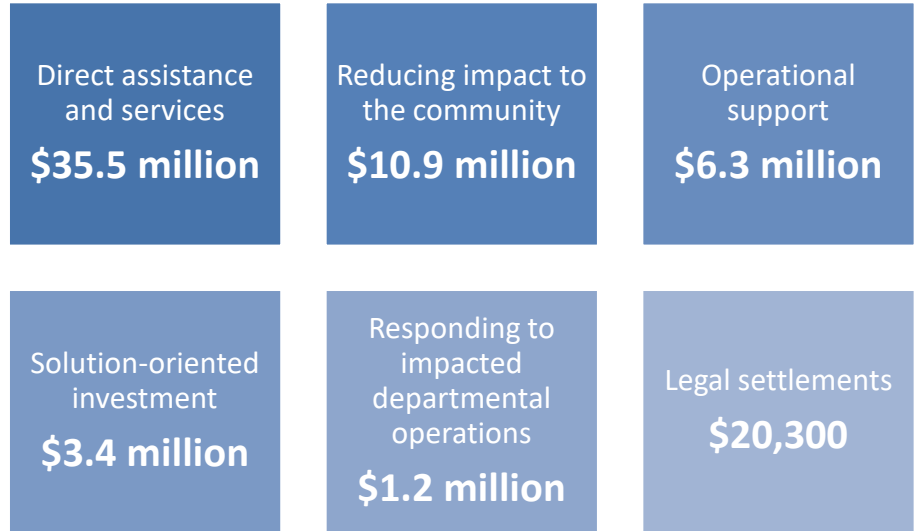
## Preliminary Report on the City's Homeless Response

February 2024 | Report No. 2023/24-11

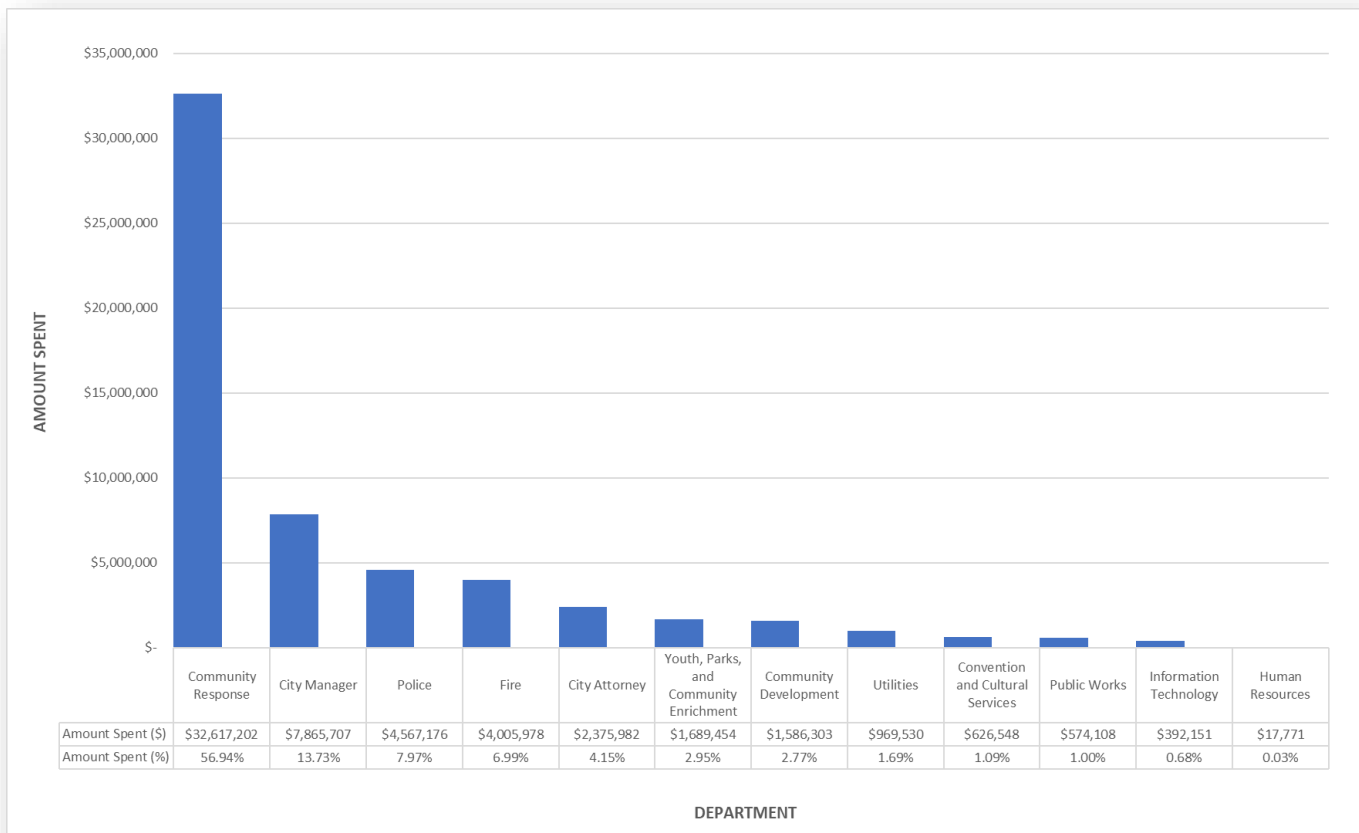
### BACKGROUND

The significant growth of the Sacramento homeless population has left the City facing one of the most challenging homeless crises in the country. In this report, we describe the City's broad array of homeless response efforts and present our results of a Citywide survey and estimate of homeless-related expenditures, totaled at approximately \$57.3 million for Fiscal Year 2022/23.

### HOMELESS EXPENDITURES BY EFFORT TYPE FOR FISCAL YEAR 2022/23



### HOMELESS EXPENDITURES BY DEPARTMENT FOR FISCAL YEAR 2022/23





## Introduction

In accordance with the City Auditor’s 2023/24 Work Plan, we are presenting the Preliminary Report on the City’s Homeless Response (preliminary report). This preliminary report is part of our audit planning process for a performance audit in accordance with Generally Accepted Government Auditing Standards. This preliminary report includes a summation of roles and work performed by the many City of Sacramento (City) departments and divisions engaged in the Citywide response to the homeless crisis and also includes the results of our Citywide survey of estimated department and division expenditures related to homelessness. This preliminary report will be followed by a performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

The City Auditor’s Office would like to thank the Department of Community Response, the City Manager’s Office, the City Attorney’s Office, and the myriad of City departments and divisions for their cooperation and contributions to this preliminary report.

## Background

The significant growth of the Sacramento homeless population has devoured resources, strained relationships, provoked litigation, and thrust the City of Sacramento (City) into the national spotlight for facing one of the most challenging homeless crises in the country.

The City Council has deemed homelessness an existential threat to the individuals living without housing and to the public health and safety of Sacramento’s residents and businesses. The explosive growth of the homeless population has put a tremendous strain on the City in its efforts to identify, design, and implement mitigation tools ranging from providing shelter beds to reorganizing departments. The local media has dubbed the crisis “the issue of our time.”

Despite these challenges, the City Council remains committed to ensuring the protection and advancement of an adequate standard of living for every resident. To advance these goals, the City, various City departments and external stakeholders, including the County of Sacramento and nonprofit agencies, have worked together to implement innovative solutions to meet the diverse and dire needs of those experiencing homelessness.

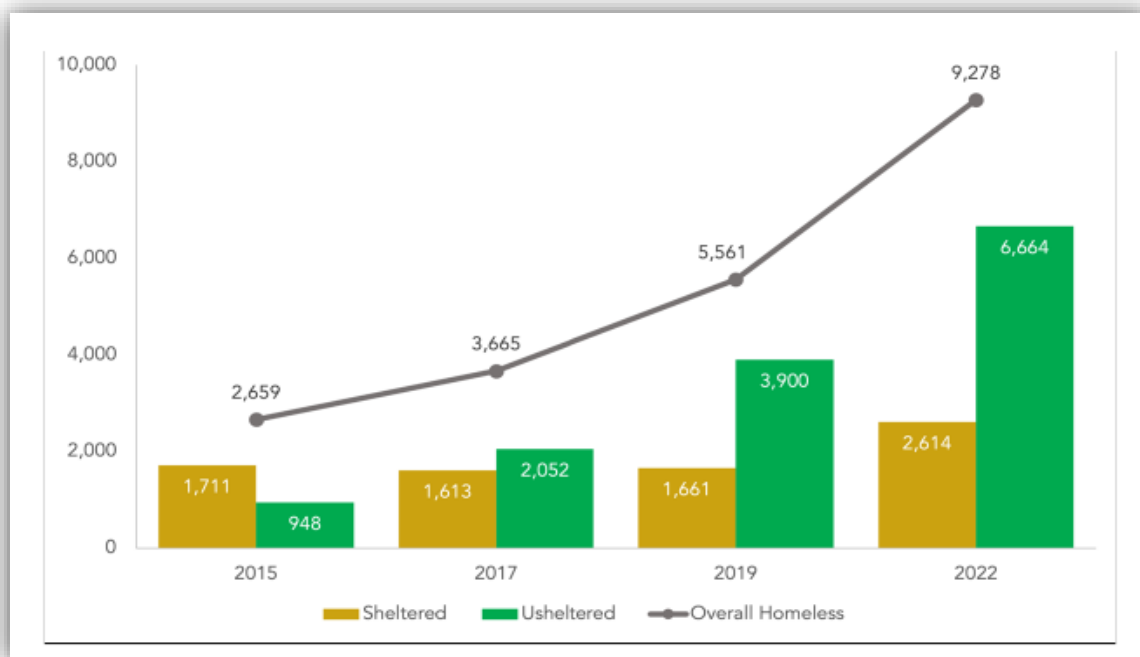
## Framing the Magnitude of Homeless Crisis in Sacramento

The *July 2022 Homelessness in Sacramento County – Results from the 2022 Point-in-Time Count* report stated that on any given night, there is a total of 5,038 unsheltered persons experiencing homelessness

(PEH)<sup>1</sup> in the city, including the portions of the American River Parkway within the city. The Point-in-Time Count (PIT Count) is typically conducted every two years and is, essentially, a count of sheltered and unsheltered PEH on a single night, which includes those sheltered in emergency shelters, transitional housing, and Safe Havens. The PIT Count is required by the United States (U.S.) Department of Housing and Urban Development (HUD) as a condition for federal funding.

The 2022 PIT Count also found that Sacramento County, which includes the City of Sacramento, had an estimated total of 9,278 PEH on a single night in February 2022. This reflects a 67 percent increase in homelessness since the last 2019 PIT Count. The chart below shows the PIT Count totals for Sacramento County, including the City, between 2015 and 2022:

**Figure 1: Total Homeless Population Growth in Sacramento County**



**Source:** July 2022 Homelessness in Sacramento County – Results from the 2022 Point-in-Time Count.<sup>2</sup>

As illustrated above, the number of PEH has increased over three-fold between 2015 and 2022. Additionally, it appears that 2019 through 2022 had an increase of over 3,700 PEH. This significant

<sup>1</sup> PEH is used throughout this report to refer to a person experiencing homeless or persons (people) experiencing homeless. Depending on the context, the term may also be used to refer to the broader unhoused community.

<sup>2</sup> 2022 Point-in-Time Count conducted by the Division of Social Work and the Center for Health Practice, Policy & Research at the California State University, Sacramento (CSUS).

increase occurred during the 2020 Coronavirus (COVID-19) pandemic and coincided with the County COVID-19 Health Orders that prohibited the City from moving or displacing any camps or PEH.

### **Framing the Challenges of Addressing the Homeless Crisis in Sacramento**

The City's response to the homeless crisis has met several difficult obstacles making the coordination of a strategic approach to outreach, delivery of services, and enforcement of state and local laws more challenging.

Addressing the magnitude of the homeless crisis has been inhibited by recent legal precedent established by the federal courts that severely limits a local municipal agency's abilities to enforce certain laws in seeking to mitigate the homelessness crisis.<sup>3</sup> More specifically, the U.S. Court of Appeals for the Ninth Circuit in the case titled, *Martin v. Boise*, prohibited "the imposition of criminal penalties for sitting, sleeping, or lying outside on public property for homeless individuals who cannot obtain shelter." In other words, a local anti-camping ordinance cannot be enforced if a shelter bed is not available. This has put significant pressure on local agencies to expend significant funds to deal with a growing homeless population.

Meanwhile, much of the funding to provide services related to homelessness is allocated at the county level due to its jurisdictional duties. For years, political leaders in the City and the County did not take a regional, cooperative approach to addressing the homeless issue, leading to well-documented jurisdictional disputes, acrimonious relationships, and a general lack of effective programs to slow the growth of the homeless population.

The City has recently engaged in a significant effort to build a regional approach through partnership agreements, cross-jurisdictional planning and strategy, and funding agreements with different government and nonprofit agencies. Over the last four years, the City has expended tremendous resources to create new City agencies and teams within existing departments, hire new staff, and enter into contracts with public, non-profit, and private agencies. In part, these efforts have led to the creation of 1,250 shelter beds on a nightly basis and provided additional outreach and support services. In addition, the City has implemented several new homeless engagement approaches.

In light of the ongoing challenges that the homeless crisis presents to the community, the Sacramento City Council requested an audit that aggregates the estimated costs and measures the effectiveness of the City's response to homelessness.

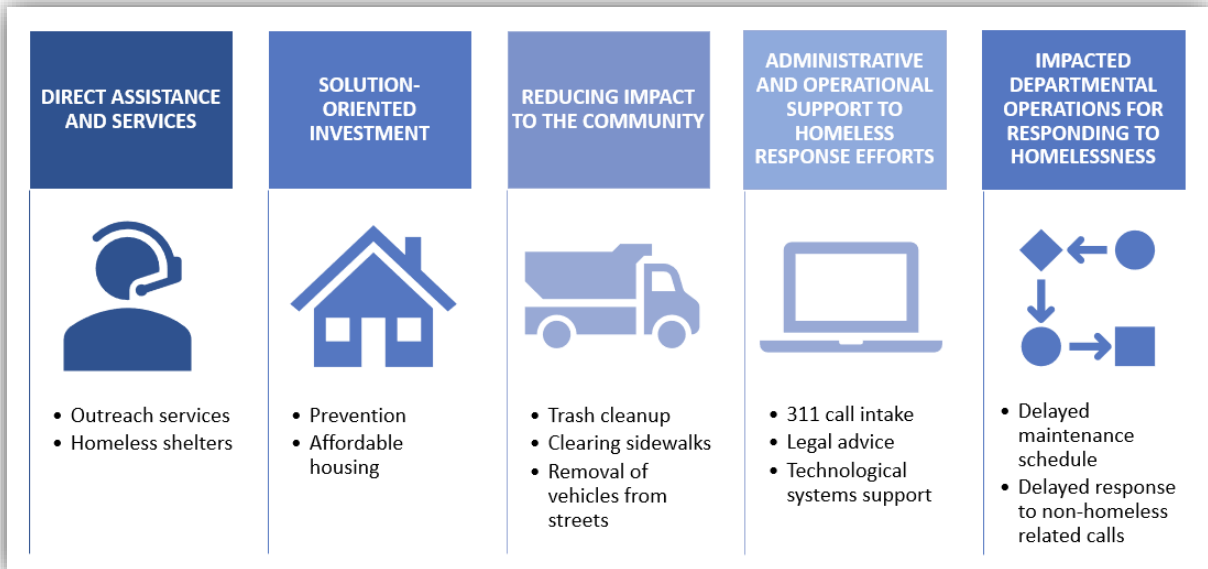
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<sup>3</sup> The U.S. Court of Appeals for the Ninth Circuit is comprised of Alaska, Arizona, California, Idaho, Montana, Nevada, Oregon, and Washington.

## Types of Homeless Response Efforts

The City's homeless response efforts have evolved as the magnitude of the homeless crisis has increased. These efforts span a wide range of programs, activities, and services that include funding shelters, hiring outreach workers, and participating in programs aimed to prevent individuals from falling into homelessness. As shown in the following figure, these efforts can be generally categorized into five types.

Figure 2: Types of Homeless Response Efforts



Source: Auditor generated.

These efforts are individually discussed in further detail below.

### Direct Assistance and Services

The City provides direct assistance and services to PEH, which include outreach efforts as well as temporary and emergency shelters.

#### Outreach Efforts

The City deploys a series of options to connect and offer support and services to PEH or individuals threatened by homelessness. For example, through the Department of Community Response, the City employs and contracts teams of trained outreach staff who go into the field to engage the PEH community by building rapport, conducting shelter assessments, providing referrals, and connecting individuals to social and health services.

## Homeless Shelter Service

The City has invested significant funds to increase its emergency shelter bed capacity from less than 100 beds six years ago to more than 1,250 as of December 2023. The City currently finances and operates multiple options for congregate, temporary, and non-congregate emergency shelters.<sup>4</sup> As outlined below, these options are offered to the PEH community depending on need, interest, eligibility, and availability.

- Congregate Shelters: Traditional emergency shelter programs where the living situations are similar to group-living dormitories.
- Non-Congregate Shelters: Consist of private living situations, such as motel rooms, trailers, and sleeping cabins.
- Temporary Shelter Facility: A facility that provides short-term, temporary shelter using outdoor tents, park trailers, or safe parking lots, which are parking lots that allow PEH living in their vehicles to park overnight. Also known as safe grounds, these aim to provide some stability and security for their participants by eliminating any displacement due to enforcement activities and reducing the general safety risks of being on the streets. A notable distinction is that safe camping sites allow PEH to stay in temporary shelter with services provided onsite, such as meals, showers, and restroom facilities. Safe parking sites allow PEH to park vehicles or campers at a specified site where some services are provided, such as showers and restrooms.
- Respite Centers: Locations where PEH can temporarily escape the elements and have basic needs met, such as food, water, sanitation, and sleeping accommodations. Respite centers also serve as an entry point into services, providing a safe and stable place for PEH to be while waiting to access a shelter space as well as more comprehensive community programs.

The City's congregate and non-congregate shelter programs all operate as navigation centers, which include shelter staff who work with shelter clients with the goal of interim stability and support to exit the shelter to temporary or permanent housing destinations. Overall, there are significant differences in the types of services available in each of these different models. For example, some are indoor facilities while others are simply tents located on a paved lot. As such, these models differ in their respective costs and benefits.

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<sup>4</sup> For a list of the City's current shelter inventory, refer to: <https://www.cityofsacramento.gov/city-manager/Homeless-Coordination/sheltering>.

As a more specific example, in December 2020, the City established a non-congregate sheltering program in light of the local public emergency and need for assistance. As part of the program, the City used federal and state funding to provide motel vouchers to qualifying PEH, including families with children and even individuals escaping from domestic violence. In addition to providing PEH with shelter and stability, the motel rooms provide PEH with a room with a bed, a private bathroom, in some cases a small kitchen, and a path toward a sustainable living situation. The City has approved several funding extensions to support the continued operation of the motel voucher program and provide motel rooms to PEH.

To provide additional PEH transitional housing through motel vouchers, the City partnered with the Sacramento Housing and Redevelopment Agency (SHRA) in August 2021 to manage the distribution of motel vouchers and help get PEH off the streets and into safer living conditions.

Although the City has issued hundreds of motel vouchers, local homeless rights advocates have raised questions about the safety and effectiveness of the operation of the City's motel voucher program, specifically the condition of the shelters.

As another example, the safe ground facility includes different models that have vastly different related costs. These costs are driven up by services which are frequently important to community members – such as fencing surrounding the site and private security staffed at all times – which are options depending on which safe ground model is selected. As described in figure 4 below, here are two models at the center of the discussion in the City.

**Figure 3: Comparison of Different Types of Safe Grounds**

Safe Ground Site	Description
Miller Park	<p>In February 2022, the City partnered with First Step Communities to open the Miller Park Safe Ground which provides safe camping and safe parking. The program provides the following on-site services:</p> <ul style="list-style-type: none"> <li>• Case managers are available to provide guidance;</li> <li>• Access to a mobile clinic that provides access to healthcare;</li> <li>• Access to essential amenities such as meals, showers, and restrooms; and</li> <li>• Staff to provide support and assist clients, such as visits from the Mental Health Access Team to provide mental health services.</li> </ul> <p>First Step Communities is required to track and report on data on operations. The City’s contract with First Step Communities runs from January 2023 through June 2024 for \$3.3 million. Notably, as described below, costs have exceeded the operator’s original estimates for the operation of the Miller Park site. A per person, per day estimated cost is provided in the “Contracts with Non-Profit and For-Profit Agencies” section of this preliminary report. As described in detail below, we found the per night cost for a PEH at the Miller Park site in April 2022 was about \$81.<sup>5</sup></p>
Camp Resolution	<p>In March 2023, the City entered into a lease agreement with Safe Ground Sacramento, Inc. to allow the operation of the lot located at 2225 Colfax Street in the city as a safe parking site for PEH to temporarily reside in vehicles. The lease allows PEH to park cars or recreational vehicles (RVs) on the paved portion of the property, and the City provided the potential for 33 trailers for people to live in.</p> <p>Operators are required to meet and maintain certain conditions at the site, established through drafting, signing, and submitting to the City an Operating Plan and a Good Neighbor Policy and managed by Safe Ground Sacramento, Inc. In other words, the facility would be governed by the encampment residents. Terms of the operating plan required, in part:</p> <ul style="list-style-type: none"> <li>• A list of guests residing at the site;</li> <li>• Entry for individuals residing at the site into the HMIS system;</li> <li>• Rules addressing guests and wait lists for residence; and</li> </ul>

<sup>5</sup> Due to the opening of the new Roseville Road campus in January 2024, the Miller Park Safe Ground will be phased out in the coming weeks.

	<ul style="list-style-type: none"> <li>Specified standards for maintenance of the site.</li> </ul> <p>The contract released and indemnified the City of all liability from the operation of the site. The contract required Safe Ground Sacramento, Inc. to “make good faith and diligent efforts” to obtain insurance.</p> <p>According to the one of the site operators, the cost of operating the site was about \$3,900 per person per year, or about \$11 per day.</p>
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**Source:** Auditor generated based on service contracts.

Despite efforts to supplement the shelter stock, the emergency shelters that serve adults are consistently near capacity, leaving the City without the ability to credibly offer PEH immediate placement in a shelter in most cases.

As described in greater detail below, in order to allow the City to get more PEH out of informal encampments while longer-term projects are being completed, the City Council approved an ordinance that gave the City Manager “the unilateral authority to implement a temporary shelter program, including the authority to identify sites, adjust the budget, and execute agreements, [which] would help ensure new temporary shelter spaces are thoroughly vetted and quickly created.”<sup>6</sup> According to City Management we interviewed for this preliminary report, City staff is currently working to identify City-owned parcels of land larger than 0.5 acres to determine its sufficiency for an emergency shelter site. These shelters are likely to be made up in large part of safe ground sites. In early January 2024, the City announced a plan to open trailers and tiny homes for up to 240 people at 3900 Roseville Road, a 7.5-acre site near the Interstate 80 overpass. The site is now operational.

### Solution-Oriented Investment

To work towards ending homelessness, the City invests in longer-term solutions that are designed to support the functioning of the homeless response system, prevent individuals from becoming unhoused, and improve the housing supply.

### Supporting the Homeless Response System

The City financially supports the functioning of a countywide Coordinated Access System (CAS), which is a mechanism and national best practice that centralizes access to and improves the efficacy of homeless and rehousing services across a variety of geographic and virtual access points and within all existing and future shelter sites.<sup>7</sup>

<sup>6</sup> Sacramento City Council Ordinance O-2023-0015.

<sup>7</sup> CAS is a local implementation of the coordinated entry system required by the U.S. Department of Housing and Urban Development (HUD). CAS operates using the Homeless Management Information System (HMIS) database



When fully implemented, it is designed to increase access to immediate housing crisis screening, problem-solving, and navigational support through the expansion of partnerships with trusted community partners; allow for more streamlined and standardized assessment, prioritization, triage, and intake processes across all available forms of current and new rehousing assistance; and improve accuracy and timeliness in matching the right person to the right resourced pathway for successful rehousing. The 211 call center acts as the access point to CAS and provides information on many programs helpful to individuals experiencing homelessness including: homeless services, housing, financial assistance, food program, children services, mental health, and substance abuse services. The CAS system is designed, managed, and maintained by Sacramento Steps Forward (SSF).<sup>8</sup>

The City's outreach teams frequently use CAS to facilitate assessments and connect PEH to services. City shelter options are also inputted into this system to improve access.

City officials we interviewed for this preliminary report stated that SSF has launched CAS and access to that system through the 211 call center, which has been a useful but sometime "clunky" tool for outreach teams in the field. However, City officials pointed out that the input and access to real time data on shelter bed space availability is not fully functional in CAS as some agencies are slow to input their shelter beds into the system, which results in difficulties referring homeless individuals to available beds. DCR managers stated that CAS currently does not include all County shelter spaces in the system to show whether space is available for referral. An Assistant City Manager told the City Council in November 2023 that all the City's shelter bed stock is also not available in CAS. According to City management, this is understandable to ensure shelter bed stock is available for emergency placement. Notably, SSF managers acknowledged the delay and pointed to difficulties standardizing reporting, information system synchronization, and training across the multitude of agencies that offer shelter facilities.

### Preventative Efforts

Recent estimates show that for every PEH in the Sacramento region who achieves permanent housing, more than three people newly engage with the homeless response system. To address the growing magnitude of the problem, the City funds tenant protection efforts and provides funding to outside agencies to assist programs aimed at homelessness prevention.

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and is a coordinated effort between Sacramento Steps Forward (SSF), the City of Sacramento, Sacramento County, and the Sacramento Continuum of Care (CoC).

<sup>8</sup> The City's contract with SSF states, "SSF will oversee a centralized twenty-four hours a day, seven days a week (24/7) access point, for all city funded emergency shelter, outreach, and other crisis resources via 2-1-1. SSF will provide ongoing oversight and support for the coordinated access system (CAS) and subcontracted providers as chosen through an RFP process."

The City established a Tenant Protection Program in August 2019 designed to establish limits on annual rent increases, provide certain eviction protections, and hold quasi-judicial hearings to adjudicate rent increase and eviction disputes between landlords and tenants. According to the effectuating ordinance, the program is set to remain in effect through December 2024.

The City also provided funding to the Sacramento Housing and Redevelopment Agency to operate the Sacramento Emergency Rental Assistance Program, which is designed to offer rental and utilities assistance.<sup>9</sup> Additionally, the City works on prevention-related programs with non-profit agencies including Step Up on Second and the Salvation Army.

Current homelessness prevention services in Sacramento are primarily available through CAS. These prevention services include one-time financial assistance programs and rental assistance programs operated by SSF. According to SSF managers, the agency has discussed the creation of a coordinated prevention system that would be based on the CAS model of service referral and placement.

City leaders have also been actively discussing how the City can become more involved in prevention programs, including committing more funding.

### **Affordable Housing**

The lack of affordable housing and other forms of supportive housing in the Sacramento region inhibits the effectiveness of the homeless response system by increasing extended stays in shelters and programs. To assist with resolving this gap in capacity, the City partners with various agencies to address homelessness and housing issues.

The City partners with the Sacramento Housing and Redevelopment Agency (SHRA) to ensure the ongoing development and financing of affordable housing and to continuously fuel housing projects in the City.

The City has also partnered with SHRA, Sacramento County, Sacramento City and County Continuum of Care, and Sacramento Steps Forward to create two plans: the Sacramento Local Homeless Action Plan (LHAP) and the Sacramento Affordable Housing Plan (SAHP). A third plan, the Regionally Coordinated Homelessness Action Plan (RCHAP), is currently in progress. As discussed in greater detail below, these plans operate together to work toward resolving homelessness by focusing on various services provided to PEH and families experiencing homelessness.

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<sup>9</sup> According to the SHRA website, the SERA program is now closed for new, re-certifying, and re-applying applicants living in the City of Sacramento due to a lack of funding. (URL: <https://www.shra.org/sera/>) (Last visited: November 16, 2023.)

## Reducing Impact to the Community

The City and its contracted service providers engage in a multitude of typically reactive activities to mitigate the impact of homelessness on the broader community. Several of these activities overlap with the City’s response protocol, such as its camp management and code compliance activities.<sup>10</sup> Figure 5 below identifies activities that reduce impact on the community.

**Figure 4: Examples of Activities that Reduce Community Impact of Homelessness**



**Source:** Auditor generated.

As members of the Incident Management Team, which will be described below in more detail, a multitude of City departments may act as the initial point of contact with the PEH community as it relates to the abovementioned activities.

## Administrative and Operational Support to Homeless Response Efforts

In addition to the more direct types of homeless response efforts outlined above, the City also provides administrative or operational support to assist with the homeless response. Many of these tasks have been added to the departments’ existing workloads to assist in addressing the homeless crisis. Some examples of such administrative or operational support are included in the figure below.

<sup>10</sup> For more background on the City’s response protocol, please refer to the “Homeless Response Protocol” section.

**Figure 5: Examples of Operational Support Provided by City Departments**



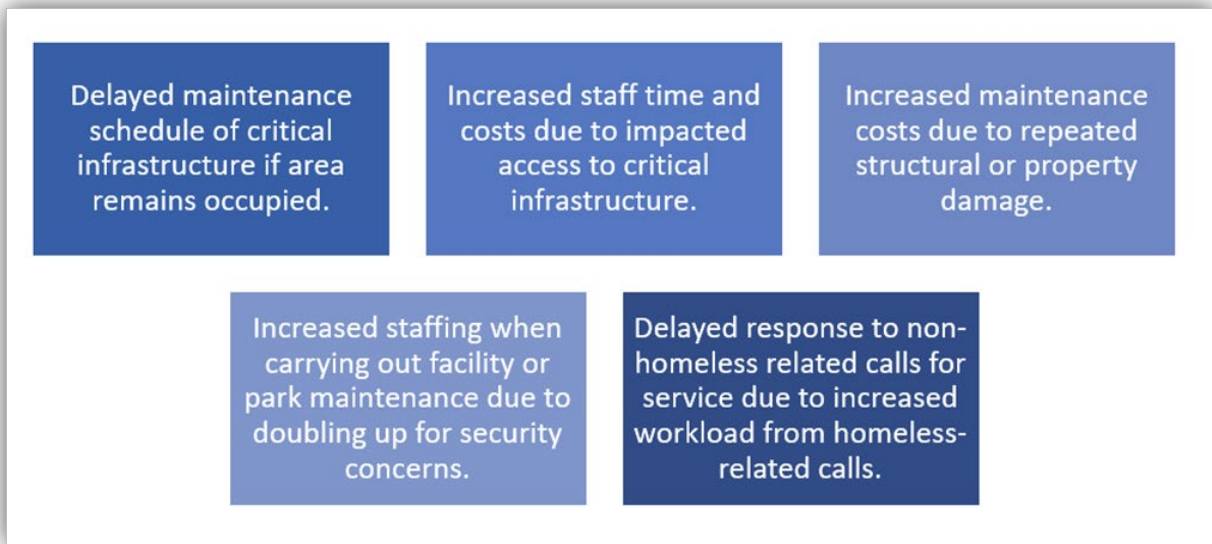
**Source:** Auditor generated.

For example, staff in the Department of Public Works worked on developing the City's Comprehensive Siting Plan, determining the suitability of shelter location sites, and developing and performing property management services for navigation centers.

### **Impacted Departmental Operations for Responding to Homelessness**

The final category of the City's homeless efforts focuses on responding to impacted departmental operations. Departments not traditionally involved in providing homeless services or enforcing City laws have been increasingly diverting resources to respond to homelessness. This may take the form of increased barriers or repeated costs to carrying out usual operations, with examples highlighted in the following figure.

**Figure 6: Examples of Increased Barriers and Repeated Costs**



**Source:** Auditor generated based on interviews with City staff.

Increased demand for both direct and reactive services, as communicated to the City through increased 311 and 911 call volumes, also adds a strain to departmental resources.

Many City officials interviewed for this preliminary report stated that staff resources have not been commensurately augmented to reflect the increased workload related to the impacts of providing ad hoc homeless services. As a result, employees are being driven away from their typical core duties to work on homeless-related issues. For example, according to the Code and Housing Enforcement (Code) Chief, engaging in the City’s response to homeless issues accounts for a significant share of the department’s budget. In fact, Code has had to redirect entire teams to assist with 1,000 or 2,000 vehicle complaints received annually. The Code Chief added this has created difficulties with recruitment and retention because surrounding cities – like Folsom and Roseville – do not interact with PEH as frequently as the City’s Code officers.

The costs related to homeless-related activities are captured under general expenditure categories as part of each department’s operational costs and may be reflected in increasing Citywide costs, as detailed in the “Cost of Homelessness to the City” section.

## **Roles and Responsibilities in Responding to Homelessness**

Responding to homelessness is a regional effort in which the City works closely with its partners to provide services to the PEH population, reduce impact to the broader community, and invest in prevention, outreach, sheltering, and housing solutions. The cross-jurisdictional approach is modeled after a framework to address homelessness called the Continuum of Care (CoC). The CoC concept was

designed by the U.S. Department of Housing and Urban Development (HUD) nearly thirty years ago and envisions the establishment of a community-wide commitment of striving to end homelessness.

A CoC is typically composed of representatives from multiple organizations that coordinate services to best help PEH. These organizations include government agencies, nonprofits, social services providers, school districts, faith-based organizations, and mental health agencies. A CoC provides a clear framework for delivering tailored services to help PEH transition into stable housing and self-sufficiency.

According to the CoC site, the program is designed to promote community-wide planning and strategic use of resources to address homelessness. The figure below provides a more comprehensive look at how these elements work together.

**Figure 7: Range of Services and Housing Types in a Continuum of Care**



**Source:** United Way.

As discussed in greater detail below, the responsibilities to provide different types of services fall onto different jurisdictions. However, according to City management we interviewed for this preliminary report, the provision of ongoing case management, mental and physical healthcare, and substance abuse services is performed by the County, which is responsible for providing health and human services to all those who reside within Sacramento County and receives funding for these services from the

federal and state governments. Therefore, the appropriate delegation of different roles and responsibilities is critical to the success of the continuums.

A CoC also counts and reports to HUD how many community members are homeless. These metrics provide government leaders with an overview of homelessness prevalence to help make data-informed decisions.

## **Roles within the City of Sacramento**

Multiple departments are involved directly and indirectly in efforts related to homelessness Citywide. While the Department of Community Response primarily manages the City's homeless services, the Citywide response requires extensive coordination and has impacted the operational scope of several departments.

### **Department of Community Response**

The Department of Community Response (DCR) was first formed in July 2020 as a division in the City Manager's Office to be an alternative response model for 911 calls that do not require a traditional emergency response. DCR was formed in direct response to City Council direction as an alternative to a "defund police" demand from the public in the wake of the civil unrest demonstrations after George Floyd's murder. It was intended that DCR would receive about \$5 million allocated to the Sacramento Police Department to take over calls for service that are related to mental health issues. The City Manager later directed homelessness response activities to be addressed by DCR, along with gang violence prevention. It subsequently became a standalone department in July 2021 and has focused its efforts on responding to homelessness. In addition to overseeing the City's contracts with its homeless service providers, DCR also deploys outreach specialists who are trained to resolve certain crises such as behavioral health, homelessness, youth and family disturbances, school response, and substance abuse.

### **Incident Management Team**

In August 2023, the Incident Management Team (IMT) was created to ensure all the City's available resources are being utilized and leveraged in its homeless response. It is a cross-departmental team led by an incident commander and consists of representatives from DCR, the City Manager's Office, Sacramento Police Department (SPD), Sacramento Fire Department (SFD), Code Enforcement, Public Works, and Animal Care Services. The IMT is advised by and works with the City Attorney's Office. The IMT directs coordinated and comprehensive responses to address 311 calls related to encampments, which may include providing assistance to the PEH community, arranging clean up services, and achieving compliance with City Code. The IMT structure is based on work by the Federal Emergency Management System and the National Incident Management System (NIMS).

DCR's Director oversees the IMT's objectives related to operations, planning, logistics, finance, and administration, and reports directly to the designated Assistant City Manager. The IMT also provides weekly updates to the City Council to present information on recent data reflecting the status of work.

The IMT is tasked with responding to 311 calls for service related to homelessness and directing coordinated, comprehensive responses to address large encampments. It meets multiple times each week to collectively strategize and manage all efforts related to outreach, enforcement, camp management, and cleanups. The team will also track and report on metrics such as contacts, services offered, and outcomes.

### **Roles of Various City Departments**

The following figure expands on the specific roles of the various departments that compose the IMT as well as those of additional departments that support the Citywide response.



**Figure 8. Summary of Roles Related to the City’s Homeless Response**

DEPARTMENT	DIVISION, UNIT, OR TEAM	HOMELESS-RELATED ACTIVITIES
Community Response	Office of Community Outreach	Dispatches teams of social workers and service providers to 311 calls to stabilize the situation and provide assistance.
	Office of Homeless Services	Manages contracts for homeless service providers, including various shelter options and cleanup services.
City Manager's Office	City Management	Provides direction on the City's homeless response.
	Office of Innovation and Economic Development	Participates in regional planning efforts around homelessness, applies for State grant funding for housing and homelessness, oversees the administration and reporting of State grant funding, deploys grant funding to homeless housing projects to increase the inventory of housing units, and works in collaboration with Community Response on rehousing efforts.
	Office of Media and Communications	Communicates with the community regarding homeless activities, including public outreach and responding to media inquiries or informational requests.
City Attorney	CAO Administration	Advises the City Manager and City Council on homeless response and coordination with partner agencies.
	Community Advocacy Division	Provides legal services to City departments related to grant funding, media inquiries, ordinances, contract drafting and review, shelter siting, emergency response, procurement, and housing regulations.
	Litigation Division	Handles all related litigation brought by all parties.
	General Counsel and Advisory	Legal advisor to IMT, SPD, Code, and all enforcement staff; prosecutes related city code violations referred by city enforcement personnel, as well as Civil nuisance abatements.
Police	Impact Team	Assists with enforcing City Codes and ensures safety of community members and City staff.
Fire	Emergency Medical Services	Responds to 911 calls for emergency medical services and fires.
Youth, Park, and Community Enrichment	Park Rangers	Enforces City Codes related to park usage and safety.
	Park Maintenance	Provides and coordinates park clean up services.

Utilities	Multiple	Maintains and repairs critical infrastructure, as well as enhancing surrounding security and coordinating cleanups.
Public Works	Multiple	Repairs damages to City facilities, cleans up streets, and evaluates sites for potential shelter or housing projects.
Information Technology	Multiple	Triages 311 calls, provides systems support, and develops GIS applications in support of response activities.
Convention and Cultural Services	Multiple	Procures and coordinates cleanup services around convention and cultural centers and sites.
Human Resources	Risk Management	Processes litigation and worker compensation claims.

**Source:** Auditor generated based on the City website and interviews with City staff.

**External Partners**

As part of the City’s active engagement in responding to homelessness, the City works with multiple partners in the Sacramento region to apply a cross-jurisdictional approach to addressing homelessness. This includes working with a wide range of service providers as well as key agencies.

**Sacramento City and County Continuum of Care**

Homelessness is an issue that not only impacts individuals in Sacramento but individuals throughout the United States (U.S.). The U.S. Department of Housing and Urban Development (HUD) has created various programs to help PEH.<sup>11</sup> These programs provide the backbone of a local agency’s framework to address homelessness in its communities.

As introduced earlier in this section, HUD’s Continuum of Care program is a community-wide program that addresses critical issues related to homelessness.<sup>12</sup> In Sacramento, Sacramento Steps Forward, a local nonprofit, is the designated administrative entity for the Sacramento City and County Continuum of Care (Sacramento CoC). Its core services include collaborating with local partners, facilitating coordination, assisting with investing and managing state and federal funds, carrying out the Point-in-Time Count, managing the Coordinated Access System (CAS), and administering the Homeless Management Information System (HMIS)<sup>13</sup> for the Sacramento region.

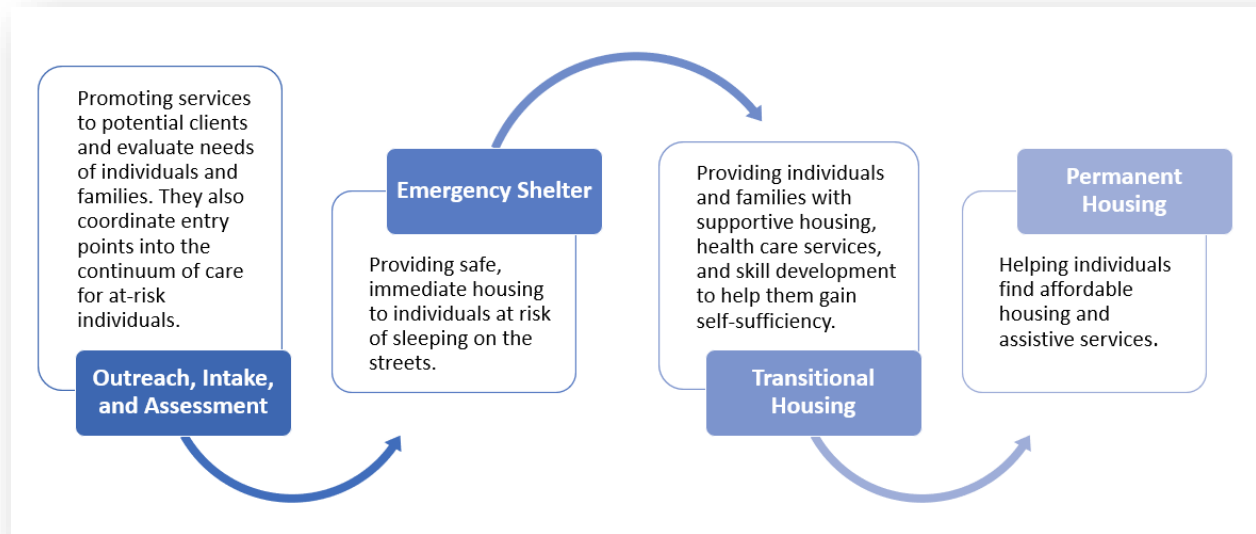
<sup>11</sup> According to HUD’s website, it is the “Federal agency responsible for national policy and programs that address America’s housing needs, that improve and develop the Nation’s communities, and enforce fair housing laws.”

<sup>12</sup> For more information on the structure of the CoC, please refer to the “Roles and Responsibilities in Response to Homelessness” section.

<sup>13</sup> More details on HMIS and how the City uses this system in its homeless response is provided in the “Information Management Systems” section of this preliminary report.

More broadly, the Sacramento CoC works with local government agencies, faith-based organizations, and other nonprofit organizations to help mitigate homelessness. The Sacramento CoC Board is comprised of several representatives from organizations that serve PEH in Sacramento County. It is responsible for managing community planning, coordination, and evaluation to ensure that the system of homeless assistance resources are used effectively and efficiently to rapidly and permanently end homelessness. Figure 9 below outlines these homeless assistance resources.

**Figure 9: Homeless Assistance Resources**



**Source:** Auditor generated.

These components are matched with varying levels of services to assist PEH from unsheltered life to a self-sustaining position in permanent housing.

**State of California**

As part of its own efforts towards addressing homelessness across the state, the State of California (State) has supported the City both financially and in-kind to address homelessness in the Sacramento region.

For example, the State’s Homeless Housing, Assistance and Prevention (HHAP) Grant Program provides local jurisdictions with flexible funding to expand or develop local capacity to address their immediate homelessness challenges, and to continue efforts to improve regional and systems coordination to prevent and end homelessness in their communities. There are currently five rounds of HHAP funding, with the City being allocated \$27 million in the most recent round, HHAP Round 5 (HHAP-5). Additional funds, totaling approximately \$26.1 million, were also allocated to Sacramento County and the Sacramento CoC, leading to a grand total of approximately \$53.2 million for the Sacramento region in this HHAP-5 round. The City is currently developing an application and a funding recommendation for

the City's HHAP-5 allocation by pulling together budgets to continue existing programs previously funded with HHAP funds.<sup>14</sup> These programs are expected to account for a large portion of the HHAP-5 allocation.

Additionally, the State announced in March 2023 that it was gifting 350 emergency sleeping cabins, commonly referred to as "tiny homes," to Sacramento as part of a statewide program. The State will procure, deliver, and prepare these units for occupancy. Upon delivery, local governments are then responsible for operating the units and providing all services. According to an October 2023 news article, the State is working with the City and County to build a "tiny home" village on Stockton Boulevard.<sup>15</sup> Other units are anticipated to be installed at the Cal Expo site, but dates have not yet been confirmed.

### Sacramento County

Sacramento County (County) has a pivotal role in responding to the homelessness crisis by providing mental health services, behavioral health services, substance abuse services, domestic violence services, conservatorships, and related social services, as well as prevention and re-housing resources for PEH throughout the county, including within the city.

The County's Department of Homeless Services and Housing (DHS) was created to coordinate the response of various County departments to provide services to PEH. DHS offers solutions to serve those PEH via programs and services such as shelter, re-housing, behavioral health, physical health, prevention, and diversion.

Additionally, DHS has an Encampment Service Team (EST), which are collaborative, inter-agency, multi-disciplinary teams that work to engage and stabilize individuals living in encampments through consistent outreach and trust-building to facilitate and/or deliver health and basic need services and secure interim shelter or permanent housing placements.

The County has also partnered with community-based organizations to provide a variety of shelter options for families and single adults. According to the County, it participates in providing emergency shelters, temporary shelters, and transitional shelters. The County also provides sanitation stations, bottled water delivery, and trash services to encampments to ensure immediate safer and more hygienic conditions for PEH to maintain their basic health needs.

As described in a later section, the City recently entered into a Partnership Agreement with the County to provide a coordinated and strategic regional homeless response.

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<sup>14</sup> The City, County, and Sacramento CoC have all been allocated HHAP funding in each of the five rounds, with a total of approximately \$88.6 million for the City and a grand total of approximately \$166.3 million for all three jurisdictions.

<sup>15</sup> The article can be found at: <https://www.sacbee.com/news/local/article280403004.html>

### Sacramento Housing and Redevelopment Agency

The Sacramento Housing and Redevelopment Agency (SHRA) was created to ensure the ongoing development of affordable housing and to continuously fuel community redevelopment projects in the City and County of Sacramento.

In 2019, SHRA created a *5-Point Homeless Plan*, which outlines a strategy to provide additional services to PEH and families experiencing homelessness in each City Council district throughout Sacramento, with the five options being: scatter sites, safe parking, sleeping tents or cabins, motel conversion pre-development, and permanent supportive housing funding. This plan was adopted by the City Council and certain strategies were implemented.

In October 2023, SHRA presented the *Sacramento Affordable Housing Plan* to City Council, which presents a roadmap for reaching the region’s supportive housing and rehousing goals.<sup>16</sup>

SHRA also administers and oversees contracts with providers for three of the City’s shelter programs: Meadowview Navigation Center, X Street Navigation Center, and the Emergency Bridge Housing Program at the Grove, which is a program specifically for transitional aged youth.

### Collaborating Public Agencies

The City frequently collaborates with all levels of public agencies working within the city in their outreach and compliance efforts to navigate jurisdictional boundaries, both to ensure response efforts can be executed but also to limit any displacements across jurisdictions. Some neighboring jurisdictions and agencies that the City works with include the County, CalTrans, and the Central Valley Regional Control Board.

Notably, the Sacramento County Grand Jury recently issued a report finding that the absence of a coordinated regional approach has added to the deepening of the homeless crisis. The Grand Jury recommended the County of Sacramento and seven incorporated cities, implement a Joint Powers Authority (JPA) to develop and manage a comprehensive County-wide strategic plan.<sup>17</sup> Four jurisdictions

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<sup>16</sup> For more background on the Sacramento Affordable Housing Plan, please refer to the “Strategic Planning and Response Objectives” section.

<sup>17</sup> Joint Powers Authorities (JPAs), also known as Joint Powers Agencies, are legally created entities that allow two or more public agencies to jointly exercise common powers. Forming such entities may not only provide a creative approach to the provision of public services, but also permit public agencies with the means to provide services more efficiently and in a cost-effective manner. To enter into a JPA, the public agencies must enter into an agreement. This agreement must state both the powers of the JPA and the manner in which it will be exercised. The governing bodies of all the contracting public agencies must approve the agreement.

submitted response to the County Grand Jury.<sup>18</sup> Members of the State Legislature recently introduced a bill (Assembly Bill 1086) to help facilitate the formation of such an agency. Additionally, City management that we interviewed for this preliminary report stated that conversations are ongoing between different local municipal agencies to begin conceptualizing how a shared governance model could be implemented in Sacramento and evaluating various options, including a JPA.

### **Contracts with Non-Profit and For-Profit Agencies**

The City has entered into numerous contracts totaling more than \$46 million with several organizations to assist in the deployment of services to the unsheltered population.<sup>19</sup> DCR categorizes these contracts into two types: the first, City contracts for providing homeless and shelter-related services, and the second, City contracts for homeless-related services.

Below is a list of contracts for homeless and shelter services, which accounts for almost \$29 million of the total \$46 million contracted amount.

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<sup>18</sup> In response to the Sacramento County Grand Jury's recommendation "that the seven incorporate cities implement a Joint Powers Authority (JPA) to address homelessness by December 1, 2023," the County of Sacramento responded, "The recommendation will not be implemented ...." The City of Rancho Cordova did not specifically address the recommendation in its response. The City of Elk Grove responded, "The recommendation requires further analysis." Finally, the City of Sacramento responded, "The City agrees with this recommendation."

<sup>19</sup> The contract terms of the homeless-related City contracts listed in this subsection of the preliminary report overlap the period covered by our expenditures survey, specifically Fiscal Year 2022/23; the expenditures survey is described in the "Cost of Homelessness to the City" section. The \$46 million total refers to the total listed in Figures 10 and 11, but not all contracts may be active at the time of this preliminary report's release. For additional reference, an updated list of homeless-related City contracts is provided in Appendix A of this preliminary report.

**Figure 10: List of City Contracts for Homeless and Shelter Services**

Contractor Name	Project Name	Contract Number	Contract Term	Contract Amount
Arden Acres	City Motel Program	2023-0112	1/1/2023 to 6/30/2023	\$975,000
Paul & Sons, Inc. (Northgate)	City Motel Program	2023-0106	1/1/2023 to 6/30/2023	\$725,000
Shree Enterprises, Inc. (Greens)	City Motel Program	2023-0107	1/1/2023 to 6/30/2023	\$1,200,000
Siyaram Hotel (Gold Star Inn)	City Motel Program	2023-0110	1/1/2023 to 6/30/2023	\$600,000
Sky Riders	City Motel Program	2023-0110	1/1/2023 to 6/30/2023	\$500,000
Sacramento Steps Forward	Coordinated Access System	2022-0818	7/1/2022 to 6/30/2023	\$1,000,000
SHRA	Emergency Bridge Housing at the Grove	2020-0326	3/10/2020 to 6/30/2023	\$3,262,000
First Step Communities	First Step Communities (Safegrounds)	2023-0206	1/1/2023 to 12/31/2023	\$3,287,452
SHRA	Meadowview Navigation Center	2020-0326-1	7/6/2020 to 6/30/2023	\$3,578,800
Shelter Inc.	North 5th Navigation	2022-1557	7/1/2022 to 6/30/2023	\$3,447,202
Sonitrol of Sacramento	Respite Centers Program	2021-0689	6/24/2021 to 6/23/2024	\$32,000
Capitol Station District	River District Clean and Safe Program	2022-1530	10/1/2022 to 6/30/2023	\$249,475
Sacramento LGBT Community Center	Sacramento LGBT Community Center (STEP)	2023-0296	1/1/2023 to 12/31/2023	\$716,308
Sacramento LGBT Community Center	Sacramento LGBT Community Center (TLP)	2023-0297	1/1/2023 to 12/31/2023	\$97,624
Sacramento LGBT Community Center	Short-Term Transitional Emergency Program (STEP)	2022-0932	4/1/2022 to 12/31/2022	\$290,075
Step Up on Second Street	Step Up on Second Street Outreach and Housing Coordination program	2022-0814	7/1/2022 to 6/30/2023	\$1,117,258

Waking the Village	The Village Shelter	2023-0293	4/1/2023 to 12/31/2023	\$501,126
Waking the Village	The Village Shelter - HHAP Funding Through SSF	2023-0170	9/1/2022 to 5/31/2023	\$248,780
WEAVE, Inc	WEAVE, Inc.	2022-1089	8/1/2022 to 7/31/2023	\$300,000
Wind Youth Services	WIND HHAP Common Ground	2022-1211	3/1/2022 to 12/31/2022	\$63,297
Wind Youth Services	Wind Youth Services/Common Ground HHAP-3	2023-0298	1/1/2023 to 12/31/2023	\$471,881
City of Refuge	Women and Children Shelter Project	2022-0747	7/1/2022 to 6/30/2023	\$1,459,410
Saint John's Program for Real Change	Women and Children Shelter Project	2022-1538	8/1/2022 to 7/31/2023	\$1,018,273
SHRA	X Street Navigation Center	2020-0326-4	4/15/2021 to 9/30/2023	\$3,854,012
<b>Grand Total</b>				<b>\$28,994,973</b>

**Source:** Auditor generated based on information provided by the Department of Community Response as of March 2023.

As the figure illustrates, the City has entered into nearly \$29 million worth of contracts for the provision of shelter-related services. These contracts include several types of shelter services, such as hotel rooms, respite centers, and safe grounds. The contract for Sacramento Steps Forward and the maintenance of CAS is included.

The second tranche of contracts for the purposes of this preliminary report covers security, outreach, as well as cleaning and disposal services.



**Figure 11: List of City Contracts for Outreach and Cleanup Services**

Contractor Name	Project Name	Contract Number(s)	Contract Term	Contract Amount
Forensiclean	Forensiclean Cleanup Services	2022-0749, 2022-0749-1, 2022-0749-2	8/1/2022 to 3/31/2023	\$1,820,016
Forensiclean	Forensiclean Disposal Services	2022-0665	7/1/2022 to 6/30/2023	\$561,000
Forensiclean	Forensiclean Expanded Cleanup Services	2023-0375	4/1/2023 to 3/31/2024	\$4,001,701
TLCS, Inc. dba Hope Cooperative	Outreach & MH Services	2022-0033	1/1/2022 to 12/31/2023	\$3,418,371
TLCS, Inc. dba Hope Cooperative	Outreach and Engagement Center Operations	2022-0026, 2022-0026-1	1/1/2023 to 12/31/2023	\$5,086,664
Safe Choice Security	Safe Choice Security	2022-0191-2	9/1/2022 to 8/30/2023	\$2,101,250
Sacramento Regional Coalition to End Homelessness	SRCEH Peoples Guide	2022-1591	12/12/2022 to 6/30/2023	\$100,000
<b>Grand Total</b>				<b>\$17,089,002</b>

**Source:** Auditor generated based on information provided by the Department of Community Response as of March 2023

As the figure illustrates, the City has entered into more than \$17 million worth of contracts for the provision of security, outreach, and cleaning and disposal services.

Several City Councilmembers have noted that the amount spent on contracted services related to homelessness has grown exponentially. City Councilmembers have expressed interest in an audit focusing on these contracts but have not specified any service provider or service provided as the primary subject matter for inquiry. As can be seen from the sheer volume and the size of the contracts listed above, conducting an audit that satisfies Generally Accepted Government Auditing Standards with the staffing resources available to the audit team would take a prohibitively long time.

As part of our work on this preliminary report, we sought to determine whether the procurement for First Step Communities and invoices submitted for work on the Miller Park campground were appropriate when compared to the City procurement rules and the contract terms.<sup>20</sup> We found:

- First Step Communities stated in its contract with the City a contracted cost of \$55 per night for the operation of the site from February to June 2022. Based on invoices submitted, we determined that the per night cost for a PEH was about \$82, an overcharge of about \$27 per person per night. Based on the number of PEH staying at the facility per night, we estimate the daily cost overrun of about \$1,520 and a monthly overrun of about \$42,560. Notably, the First Step Communities per night cost is consistent with costs in other cities. For example, the Safe Sleeping Village in Los Angeles operated as an eight-month pilot for 70 spaces at a cost of \$1.5 million, or approximately \$88 per bed night. Additionally, San Francisco’s Safe Sleeping Villages cost were estimated at more than \$60,000 per tent per year or \$164 per bed night.
- We found notable invoiced totals for overtime, sick time, and paid time off. For example, for the calendar year 2022, First Step Communities charged a total of \$1,098,055 for staffing costs for the operation of Miller Park Safe Ground, the W&X Street Safe Ground, the South Front Street Shelter, and the Riverfront Shelter.<sup>21</sup> For this same period, First Step Communities charged \$112,161 in overtime, or over 10 percent of total salary-related costs.
- We also found that the City significantly expanded the scope of the First Step Communities work through nine supplemental contract addendums, increasing the total contract not to exceed amount from \$396,000 to more than \$4 million. According to DCR staff, this period covered the initiation of the Safe Ground program, which was undergoing continuous adjustments to better address the needs of program participants. This iterative process thus required changes to the contract. As such, the amendments were intended to address these program adjustments.

In interviews we conducted for this preliminary report, City management stated they are aware of the frequent use of supplemental contracts to expand work and the extent of contract cost overruns. However, management also stated that the City is at the mercy of the market for homeless service

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<sup>20</sup> Due to the opening of the new Roseville Road campus in January 2024, which will be operated by First Step Communities, the Miller Park Safe Ground will be phased out in the coming weeks.

<sup>21</sup> Notably, the City entered a contract with First Step Communities to operate the facility at Miller Park. In contrast, the Emergency Bridge Housing at the Grove program was operated through a contract the City executed with SHRA, which later contracted the work to First Step Communities.

providers because of the limited number of companies providing these services and the dire nature of the City's need. City management stated because there are so few providers, the City does not have any other choice but to pay the inflated prices. Notably, City management has also stated in public meetings that it is their intention to continue to rely on outside vendors to provide many homeless-related services.

## Homeless Response Protocol

On August 1, 2023, the City Council approved an updated version of the Citywide Homeless Response Protocol. The protocol seeks to provide structural guidelines for the City's interdepartmental response to homeless encampments by setting criteria to identify encampments that are a citywide priority for outreach and abatement.<sup>22</sup> The protocol guides the work responding to service requests related to encampments that originate from 311 or direct constituent complaints to the City, including to any member of the City Council, or through Notice and Demand forms, 911 calls, and calls to the Sacramento Police Department's non-emergency line.

As discussed in greater detail below, there have been several versions of the protocol. The first, approved in October 2022, was produced shortly after the City approved an updated sidewalk ordinance and updated Critical Infrastructure List. The protocol was updated in November 2022 to provide direction on how to implement enforcement of the *City Council's update to the November 2022 Sidewalk Ordinance and 500 ft. buffer zone K-12 Enforcement Guidance* memorandum. Finally, the most recent protocols were updated by the City Council in August 2023 following a series of City Council actions that increased the types of activities that would require the highest priority response.

The protocol pertains to encampments located on City-owned property on a public right-of-way or easements, and property leased to the City. The protocol does not pertain to encampments on privately-owned property.

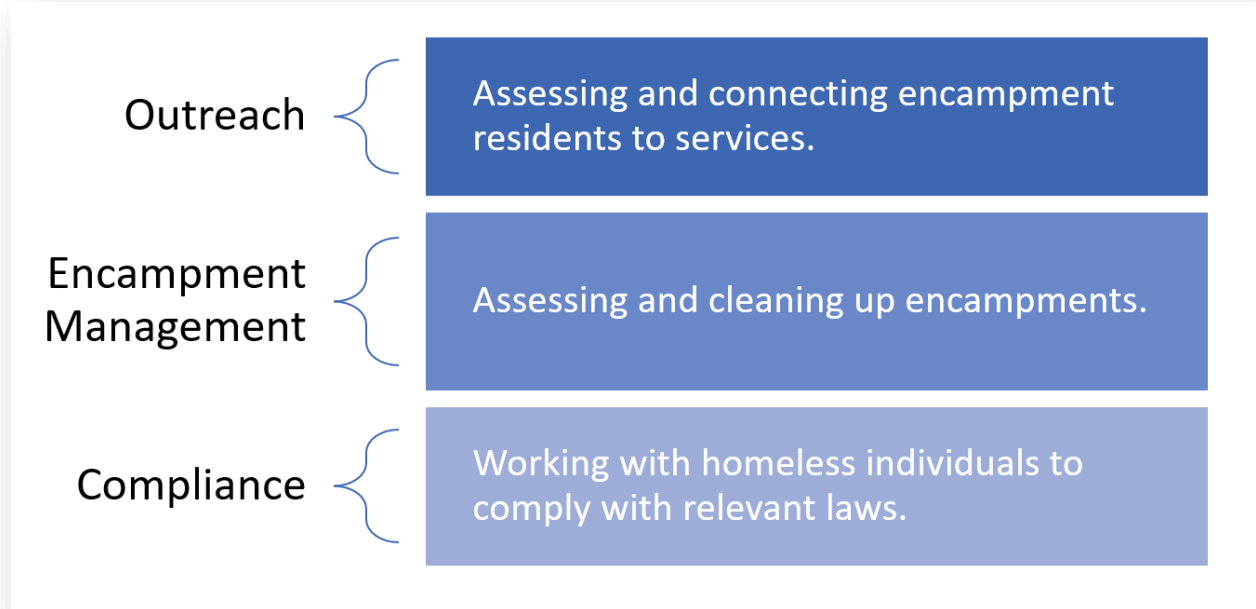
## Encampment Response Activities

The City deploys three main types of activities when responding to encampments: outreach, encampment management, and compliance, which are further described below.

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<sup>22</sup> The Citywide Homeless Response Protocol defines "encampments" as "a broad term to encompass locations and situations where one or more persons are situated, in an unsheltered manner, such that their primary nighttime residence is not suitable for human habitation and/or living accommodation purposes. In contrast, the Emergency Shelter and Enforcement Act of 2022 defines encampment as "four or more unrelated persons camping within 50 feet of each other and without permitted electrical power, permitted running water, and permitted bathroom facilities, that serve the encampment."

Figure 12: Homeless Response Activities



Source: Auditor generated.

### Outreach

DCR is the primary response agency for outreach activities. Outreach focuses primarily on assessing the needs of encampment residents and connecting those residents to social services as appropriate and available. For larger and more complex encampments, DCR will prioritize and direct City-County Partnership teams pursuant to the Partnership Agreement to conduct outreach and engagement for the purpose of delivering behavioral health services and offering temporary shelter.

According to DCR management, there is no set schedule for outreach done at any encampments. As of July 2023, City and County outreach teams are working Tuesday, Wednesday, and Thursday in four large encampments that have been identified as level 1 encampments. Meanwhile all other outreach at all assessed encampments is done while responding to 311 calls for services. These are monitored and responded to as calls for service are received.

### Encampment Management

Encampment management activities primarily include cleanup and removal of trash and hazardous materials. As part of the IMT, DCR staff prioritizes locations based on calls for services and field assessments. Field assessments are carried out by DCR, which is also responsible for assigning a priority level to an encampment to inform any subsequent camp management activities. If a City employee encounters an encampment during the exercise of his or her duties, and that employee determines that such an encampment should be assessed and assigned a priority level, that employee must request that the IMT coordinate an inspection and assessment. According to DCR management, the assessments are

done qualitatively by the staff. The following figure shows criteria considered by the staff when making an assessment.

**Figure 13: Department of Community Response Encampment Assessment Criteria**

<p><b>High Risk Concerns</b></p> <ul style="list-style-type: none"> <li>• Conspicuous drug use or paraphernalia</li> <li>• Impact on neighborhood livability</li> <li>• Proximity to school, park with playground, private residence, or business access</li> <li>• Environmental impact</li> <li>• Restricted access by Americans with Disabilities Act standards</li> <li>• Blocking public access</li> <li>• Size of encampment</li> <li>• Reported fire or medical</li> <li>• Reported violence or crime</li> <li>• Restricting maintenance</li> <li>• Proximity to critical infrastructure</li> </ul>	<p><b>Behavior, activity, health conditions, concerns</b></p> <ul style="list-style-type: none"> <li>• Drugs/Alcohol</li> <li>• Mental health risks</li> <li>• Combative behaviors</li> <li>• Sex trafficking</li> <li>• Domestic violence</li> <li>• Gang activity</li> <li>• General health risk</li> <li>• Hazardous waste or materials</li> <li>• CPS or APS</li> </ul> <p><b>Other Considerations</b></p> <ul style="list-style-type: none"> <li>• Calls for service 311</li> <li>• Calls for Service 911 – Fire</li> <li>• Calls for service 911 - PD</li> </ul>
<p><b>Encampment Description</b></p> <ul style="list-style-type: none"> <li>• Debris</li> <li>• Abandoned vehicles</li> <li>• Vehicles in use</li> <li>• Animals/pets</li> <li>• Bikes</li> <li>• Tarps/Pallets</li> <li>• Tents</li> <li>• Furniture</li> <li>• Mattresses</li> <li>• Fire pits, stoves, propane, fuel</li> <li>• Bedding/blankets</li> <li>• Shopping carts, cargo trailers</li> </ul>	

**Source:** Department of Community Response.

After an assessment is completed and if the immediate threats to public safety are addressed, then the camp could be reassessed and reassigned a priority level.

### Compliance

Compliance activities are generally designed to work with PEH to bring their conduct or location of possessions into conformance with relevant laws.<sup>23</sup> The lead agencies for gaining compliance with relevant law are SPD, Park Rangers for calls that are within parks or bike trails, and Code Enforcement for removal of vehicles from streets. Before relocation of an encampment or removal of an occupied

<sup>23</sup> For more information on relevant laws, please refer to the " City Code Chapters Related to Homelessness" section.

vehicle takes place, staff is to consider the factors including notice provided, availability of social services, excessive heat or cold, availability of shelter space, and transportation challenges. The protocol specifically states, “nothing in this protocol shall prevent the City from utilizing any remedies, procedures, and/or penalties available under any Federal, State or local laws.”

## **Prioritization of Encampments Guide Response Activities and Strategies**

DCR staff evaluates encampments, performs an assessment, and thereafter assigns a Priority Level of 1, 2, or 3, as outlined below, that designates the City’s encampment response activities and strategies. Priority levels range from Priority 1 (high priority), when encampments pose imminent threats to safety or critical infrastructure and where violations of city codes must be immediately resolved, to Priority 3 (low priority), where City staff work, in collaboration with local partners to monitor the encampment to ensure the safety of the inhabitants and the community at large.

### **Level 1 – Highest Priority**

The most recent version of the Citywide Homeless Response Protocol stated that a Level 1 encampment is any of the following: (i) an encampment adjacent or blocking access to, an essential location; (ii) an encampment where there is a public health and safety risk that necessitates urgent relocation of the PEH; or (iii) an encampment that City staff have determined is in violation of the City Code.

The protocol also states that Priority Level 1 encampments where there are violations of the City Code or California Vehicle Code can be removed or brought into compliance without conducting outreach and engagement activities and without necessarily posting a notice when the code or law allows. Generally, although not exclusively, a rapid response strategy, as described in detail below, would focus on addressing violations and gaining compliance.

### **Level 2 – Moderate Priority**

A Level 2 encampment does not require immediate relocation of the PEH but involves evidence of threats to public health and safety. Focus is on monitoring, mitigating, and relocation solutions with local partners when practicable.

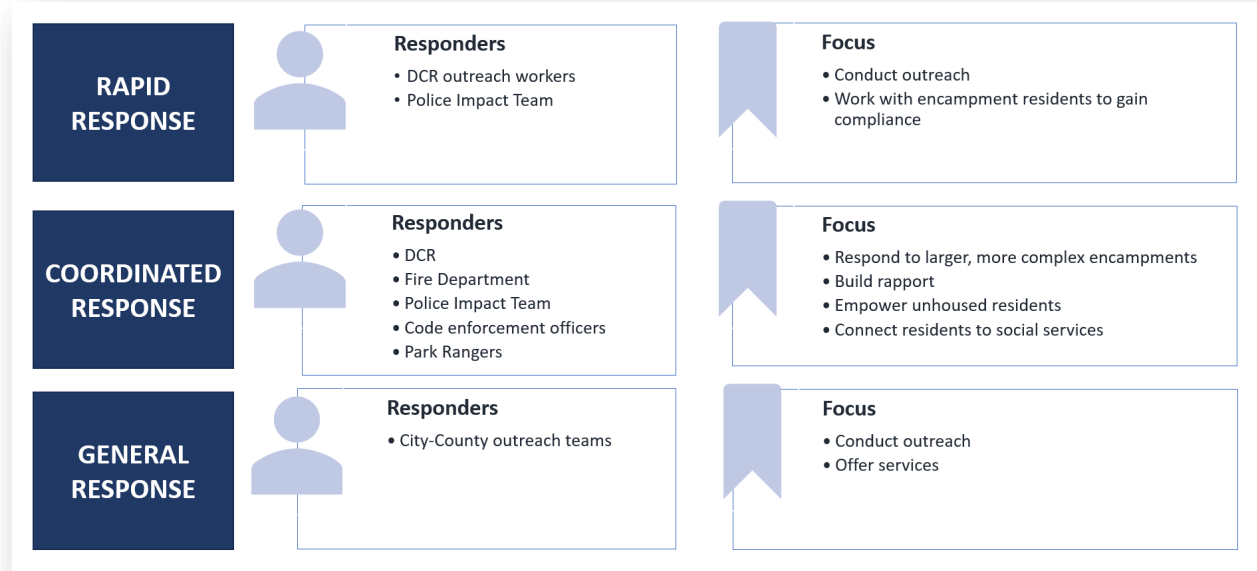
### **Level 3 – Low Priority**

Level 3 encampments are those that do not pose an obvious and immediate risk to public health and safety and are not in the proximity of, or blocking access to, essential locations. The City monitors these encampments based on calls for service.

## **Response Strategies**

The City’s Homeless Response Protocol is composed of three primary response strategies: General Response, Rapid Response, and Coordinated Response. The deployment of the response strategy is dependent on the assessed severity of the homeless activity, as explained above. The figure below summarizes the three response strategies, with additional details following the figure.

**Figure 14: Summary of the Three Homeless Response Strategies**



**Source:** Auditor generated based on interviews with DCR staff.

**General Response**

According to the Homeless Response Protocol, DCR will respond to 311 calls related to homeless encampments with the primary focus of conducting outreach and coordinating encampment management. If violations of the City Code or California Vehicle Code (CVC) are observed, DCR staff may work with encampment residents to gain compliance. Where compliance is not immediately achieved, the violations will then be addressed by a Rapid Response team consisting of DCR and SPD. When no violation is observed and outreach is completed, the case will be closed.

According to DCR management, the responses within the Homeless Response Protocol continue to evolve, as shown in the previous figure.

**Rapid Response**

According to the Homeless Response Protocol, SFD, SPD, Code Enforcement, and Park Ranger Services are the lead agencies for the Rapid Response strategy, which is focused on homeless encampments in violation of the City Code or the California Vehicle Code (CVC). The primary focus is ensuring public health and safety by gaining prompt compliance with the City Code and CVC. The secondary focus is connecting PEH to needed social services.

The SPD Impact Team, Code Enforcement officers, Park Rangers, and DCR staff meet daily for morning briefings and review of priority encampments. DCR is primarily responsible for assessing priorities and identifying locations based on 311 calls for service for the Rapid Response strategy to be deployed. Once an encampment or call for service is assigned the Rapid Response strategy, the call will be closed only

when compliance is achieved. Once compliance is achieved, a new 311 ticket may be opened for General Response and followed up by DCR staff.

According to DCR management, the responses within the Homeless Response Protocol continue to evolve, as shown in the previous figure.

### **Coordinated Response**

According to the Homeless Response Protocol, if during General Response or Rapid Response an encampment is identified as being too large or complex to be addressed at the time of identification, the encampment will be referred for a Coordinated Response. Coordinated Response will involve City-County Partnership Outreach teams (“Outreach Teams”) that consist of City outreach specialists, County behavioral services staff, and community-based organizations (“CBOs”). Outreach Teams will respond to an encampment and seek to build rapport with encampment residents. In addition, the Outreach Teams will work to develop strategies to empower PEH and connect them to social services to achieve safe and stable living circumstances.

When DCR staff determine that Outreach Teams have exhausted all opportunities for outreach-based progress, the encampment will be referred and scheduled for encampment management and compliance with the City Code and CVC.

According to DCR management, the responses within the Homeless Response Protocol continue to evolve, as shown in the previous figure.

### **Costs Related to Changes to Citywide Homeless Response Protocol**

The most recent update to the Citywide Homeless Response Protocol was directed by the City Council. The City Council directed staff to ensure that the response strategy to encampments is focused on gaining compliance with the City Code and the CVC. The protocol was updated to include additional violations of the Sacramento City Code and the CVC as conditions that qualify an encampment as Level Priority 1. The City stressed that enforcement and compliance efforts above will continue to include significant camp management efforts, with attention to life necessities, targeted to the individual PEH on a case-by-case basis.

At the City Council meeting, concerns were raised that an increased enforcement presence would result in increased costs to the City. Additionally, in interviews with the SPD Impact Team, SPD officials stated implementing the new enforcement protocol would add considerable overtime cost due to the small size of the Impact Team, SPD’s requirement to pull officers from other units to assist the Impact Team, additional training on dealing with PEH, and the SPD’s ongoing staff shortage.

The City Council also provided the City Manager with authorization “to use any and all appropriate funding within his budgetary authority to carry out the purposes of this resolution.” The City Council thus authorized the City Manager to provide additional funding for needed homeless response efforts.



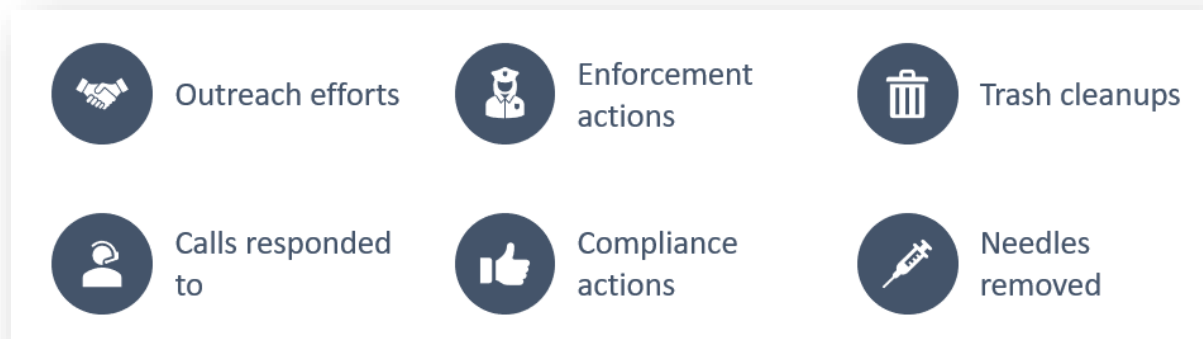
## City Departments' Performance Metrics for Response Protocols

During a September 2023 City Council meeting, the Department of Community Response (DCR) introduced the Incident Management Team (IMT), which incorporates the Incident Command Structure to assist with the City's homelessness response protocols.<sup>24</sup>

The City's IMT also partners with Sacramento County's Behavioral Health Services and Forensiclean to coordinate a standardized response.

The IMT is also committed to providing the City Council with a weekly update of its homelessness response. At the October 10, 2023 City Council meeting, DCR's Acting Director presented the IMT's first weekly update and provided information related to the following data points outlined in figure 16 below.

**Figure 15: Data Points Collected and Publicly Presented by the Incident Management Team**



**Source:** Auditor generated.

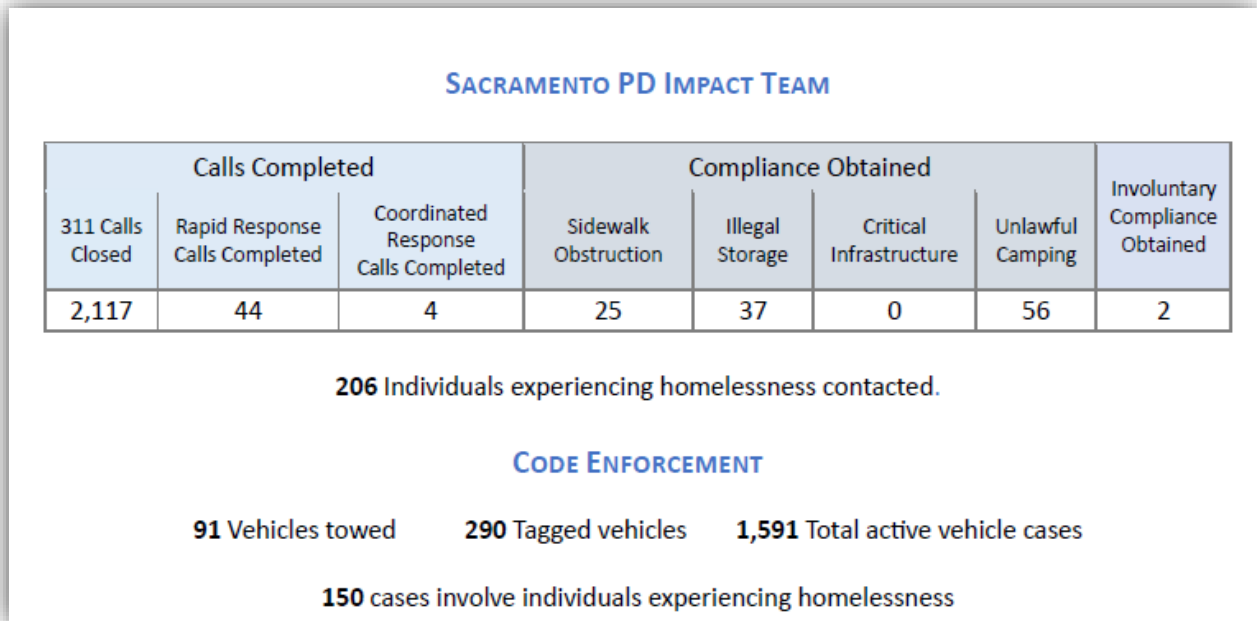
The IMT also intends to review the reports and keep track of its homelessness response progression over time. During the October 17, 2023 City Council weekly update, the IMT noted that after comparing the response times over a period, they saw an improvement when responding to 311 calls. During the November 14, 2023 meeting, the designated Assistant City Manager provided the City Council with additional metrics related to outreach efforts. The update included a summary of PEH that enrolled into the Homeless Management Information System (HMIS), new referrals to the Coordinated Access System (CAS), and the number of available units at Miller Park as well as the Outreach and Engagement Center

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<sup>24</sup> The City describes the Incident Command Structure as a multi-departmental response that utilizes resources more effectively and efficiently to respond to cleanup and enforcement activities in accordance with Citywide protocols.

(OEC). Additional weekly data points were also collected by the IMT from October to November. For example, the figure below provides many of the data points collected and monitored by the IMT.

**Figure 16: Data Points Presented by the Incident Management Team**



**Source:** Data points presented at the Sacramento City Council meeting on November 14, 2023 and available in DCR’s *Incident Management Team –Weekly Data Report* for the November 6, 2023 to November 12, 2023 period.<sup>25</sup>

Based on this information, we believe the City is capturing and reporting on valuable data but may not be performing adequate analysis to optimize enforcement and more effectively direct the homeless population to connect to County and other services. For example, as the figure above indicates, the City provides data on cases closed and instances of compliance obtained, but it is unclear how its daily response and service metrics are monitored and communicated to prioritize and achieve higher-level goals. While the IMT shares data related to the enforcement and compliance activities, it does not conduct in-depth analysis on repeat enforcement, repeat calls, or any other data to determine repeat violation or repeat locations that may lead to more efficient use of resource deployment.

In discussions pertaining to this preliminary report, City management has expressed interest in identifying more data points to capture and analyze to improve overall performance monitoring of the City’s homeless response.

<sup>25</sup> This report can be found at <https://sacramentocityexpress.com/wp-content/uploads/2023/11/11.6-11.12-IMT-Data-Report.pdf>.

## Strategic Planning and Response Objectives

The City is dedicated to responding to homelessness and making the community stronger and safer through a more regionally focused approach to coordination and strategy. The City and its partners have responsive plans in place that work toward safety, stability, and successfully addressing the needs of PEH.

The City has partnered with the County of Sacramento, and other public agencies, and has entered into more than 40 contracts with various organizations in recent years in efforts to design and implement regional approaches to the various issues related to homelessness, such as the Comprehensive Siting Plan, Local Homeless Action Plan, and Affordable Housing Plan.

### Comprehensive Siting Plan

To streamline the process for identifying and approving potential shelter sites, the Mayor and City Council undertook an effort to individually identify sites for potential homeless shelters in their districts. In August 2021, the Mayor and City Council approved the *Comprehensive Siting Plan*, which identified 20 potential public and private sites that could provide space for various types of shelter for people experiencing homelessness.

In April 2022, during a City Council meeting, the City Manager's Office and Department of Public Works provided a progress update of the *Comprehensive Siting Plan*.

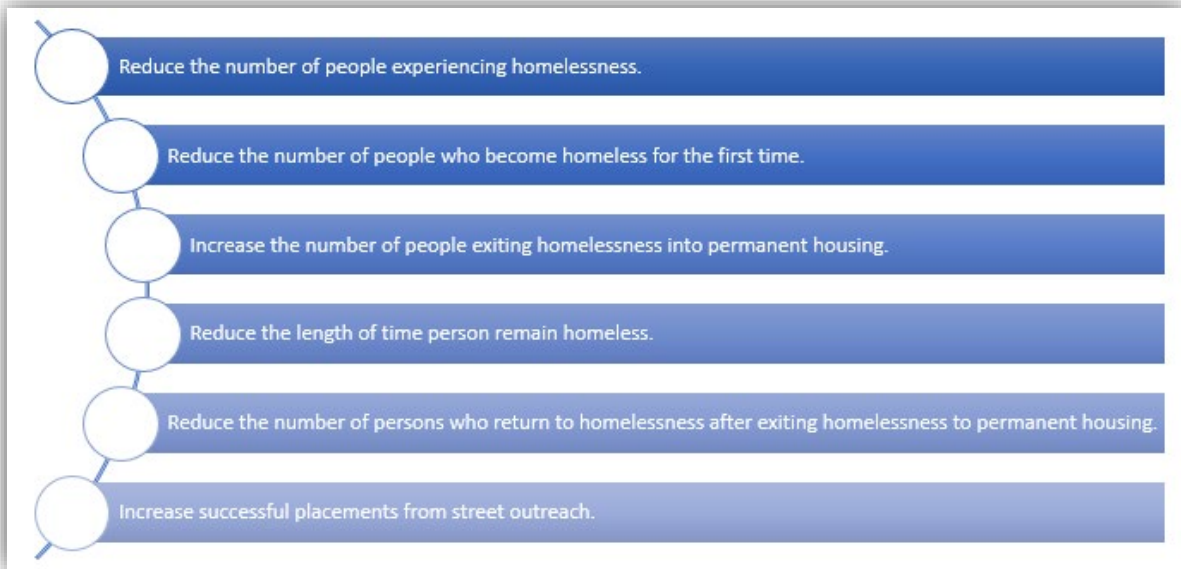
### Local Homeless Action Plan

The City and its partners embraced a cross-jurisdictional unified approach to addressing homelessness throughout the County through the adoption of the *Local Homeless Action Plan* (LHAP).<sup>26</sup> The cross-jurisdictional unified approach was a requirement to access funding from a State homeless grant program. The agencies aligned the components of the plan with national best practices. The following figure lists goals of the three-year plan beginning July 1, 2022 through June 30, 2025.

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<sup>26</sup> The City partners with Sacramento County, Sacramento Steps Forward, Sacramento City and County Continuum of Care, and Sacramento Housing and Redevelopment Agency.

Figure 17: Goals of Local Homeless Action Plan

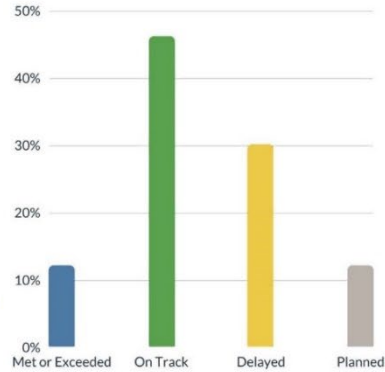


**Source:** Local Homeless Action Plan.

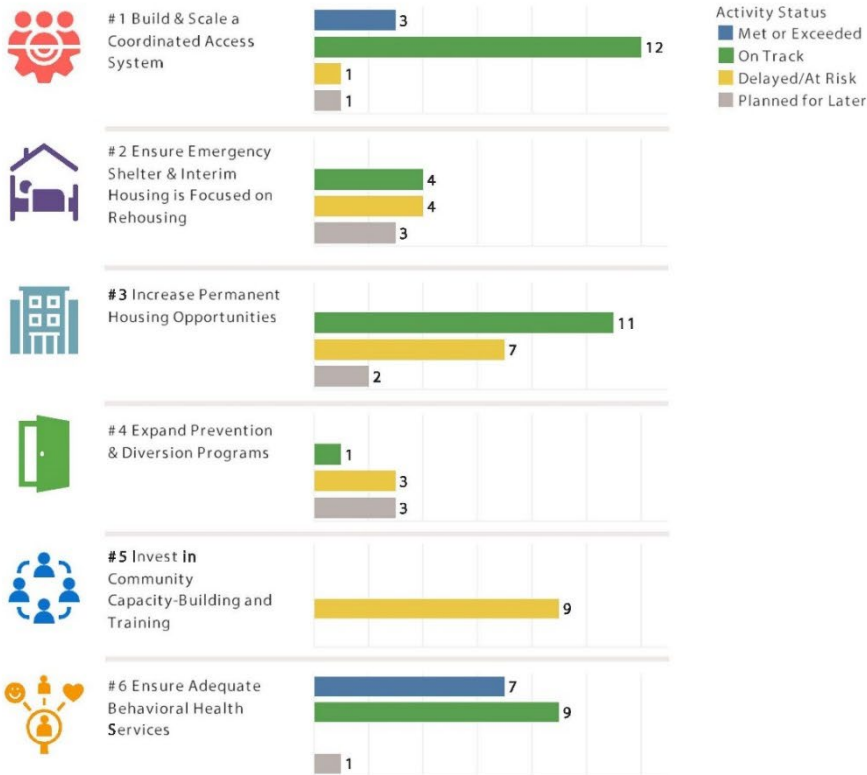
The *Sacramento Local Homeless Action Plan – Progress Report through June 30, 2023* provides details of the progress made towards the LHAP. The figure below shows the overall activity progress for each goal. As seen in the figure, the goal of ensuring adequate behavioral health services has had the most progress. It also appears that several goals have been delayed.

Figure 18: Overall Activity Progress by Strategy Area

# OVERALL ACTIVITY PROGRESS



## Activity Status By Strategy Area



SACRAMENTO LOCAL HOMELESS ACTION PLAN: PROGRESS REPORT – JUNE 30, 2023

7

Source: Sacramento Local Homeless Action Plan – Progress Report through June 30, 2023.

The LHAP is built around a set of overarching goals and strategies. The core strategies include:

- Build and scale a countywide Coordinated Access System;
- Ensure current and new emergency shelters and interim housing are focused on rehousing;
- Increase permanent housing opportunities;
- Expand prevention and diversion resources;
- Invest in community capacity-building and training; and
- Ensure adequate behavioral health services.

All partners are responsible for overseeing and implementing the goals of the LHAP. The success of the plan will be tracked by specific performance indicators that track the funding and progress of activities over time. The City provides monthly updates on implementation progress in a *Sacramento Area Homelessness Progress Report*.

### **Regionally Coordinated Homelessness Action Plan (RCHAP)**

In December 2023, Sacramento Steps Forward, Sacramento County, and the City of Sacramento initiated the *Regionally Coordinated Homelessness Action Plan* (RCHAP) which builds off the progress of the *Local Homeless Action Plan* (LHAP) and acts as the next step in collaboratively and strategically addressing homelessness. This plan secures Homeless Housing, Assistance, and Prevention (HHAP) state funding to help achieve region-wide solutions. The RCHAP plans to achieve:

- A reduction in the number of people experiencing homelessness;
- Faster pathways to housing and rehousing;
- More equitable access to housing and services across the system; and
- Greater transparency and accountability across the entire system.

This plan relies on public participation from community members and advocates to successfully address homelessness. A series of workshops were held in December 2023 and January 2024 for an in-depth assessment of current efforts and discussion on potential improvements. The plan is currently being drafted and the completed RCHAP will be presented to the City Council in March 2024.

### **Sacramento Housing and Redevelopment Agency's Affordable Housing Plan**

Sacramento Housing and Redevelopment Agency's (SHRA) *Affordable Housing Plan* focuses on increasing permanent housing opportunities for PEH. The City partnered with SHRA and other agencies to create a plan that focuses on supporting individuals experiencing homelessness through rehousing,

permanent supportive housing, and other affordable housing options. The final report was released in October 2023.<sup>27</sup>

## Legal Considerations

The City's response to the homeless crisis has been impacted by several legal developments. These legal developments range from landmark federal court rulings setting limits on how municipalities engage the PEH community, to propositions passed by the Sacramento electorate proscribing how the City engages in enforcement actions.

### Martin v. City of Boise

The Ninth Circuit Court of Appeal issued a ruling that significantly limits how local municipalities can engage homeless individuals and enforce unlawful camping ordinances. In *Martin v. City of Boise*, the U.S. Court of Appeals for the Ninth Circuit concluded that the Cruel and Unusual Punishments Clause of the Eighth Amendment “prohibits the imposition of criminal penalties for sitting, sleeping, or lying outside on public property for homeless individuals who cannot obtain shelter.” However, the Court also limited the scope of its decision by stating that it did not “suggest that a jurisdiction with insufficient shelter can never criminalize the act of sleeping outside. Even where shelter is unavailable, an ordinance prohibiting sitting, lying, or sleeping outside at particular times or in particular locations might well be constitutionally permissible...”. It is under this limitation that the City may remove or relocate encampments on or near critical infrastructure, such as levees, and those that block passage on public rights-of-way. The outcome of *Martin v. City of Boise (Martin)* was that unlawful camping ordinances, that apply to the whole of the jurisdiction (e.g., citywide), cannot criminalize the status of homelessness when there is insufficient shelter; however, the ordinances can be applicable at particular times or in particular locations notwithstanding the absence of available shelter.

Since the *Martin* ruling, courts in the Ninth Circuit have struggled to define the types of shelters that are considered permissible. For example, In *Warren v. City of Chico*, the court sought to identify, “What is a shelter?” The court noted, “Calling a plot of land a shelter does not make it so.” The *Martin* court contemplated that “shelter will offer individuals a place to sleep ‘indoors’” but the *Warren* court did not provide an example of what it considered permissible. In short, the Ninth Circuit rulings have created a significant amount of uncertainty for local governments over what is legally permissible.

Meanwhile, the holding of *Martin* may soon be reversed or modified at the U.S. Supreme Court. Governor Gavin Newsom, the City of San Diego, the City of San Francisco, and others across the Western United States have recently implored the Supreme Court to reconsider *Martin's* holding that bars western states from citing homeless people for sleeping outside if no other shelter is available. These cities argue the ruling has limited cities' efforts to clear homeless camps and has “paralyzed

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<sup>27</sup> SHRA's Affordable Housing Plan can be found at: [https://www.shra.org/wp-content/uploads/2023/10/231009\\_AHP\\_Final\\_ESA\\_w-Appendices.1.pdf](https://www.shra.org/wp-content/uploads/2023/10/231009_AHP_Final_ESA_w-Appendices.1.pdf).

communities and blunted the force of even the most common-sense and good-faith laws to limit the impacts of encampments.”

## Measure O

In February 2022, a group of residents called Sacramentans for Safe and Clean Streets and Parks coalition, announced their intention to collect signatures to place a homeless initiative on the ballot due to the City’s perceived lack of enforcement to remove PEH from public rights of way and clean up City streets and right of ways. In response, the City Council voted to place the proposition, known as Measure O, on the November 2022 ballot. Sacramento voters then approved Measure O in November 2022. The measure received more than 70,000 votes, marking about 52 percent of votes cast. The legislation is formally called the Emergency Shelter and Enforcement Act of 2022 (ESEA).

ESEA created a series of requirements for the City in addressing homelessness within the city. These included:

- A requirement that the City must designate a minimum number of shelter spaces to be available to the homeless population.<sup>28</sup> Measure O required the City to create a specific number of shelter spaces equal to a certain percentage of the PEH population within city based on the most recent PIT count.<sup>29</sup> Where the City does not meet this threshold, Measure O included a triggering mechanism that requires an infusion of new shelter beds;<sup>30</sup>
- New reporting requirements, including the City Manager’s duty to report daily on the number and location of emergency shelter spaces available each day;

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<sup>28</sup> Notably, the ordinance defines “Emergency shelter space” to include an enclosed or partially enclosed space of at least 70 square feet with a bed and roof, a space of at least 100 square feet in which a person may camp, and a space of at least 150 square feet in which a person may park a vehicle in which they can sleep temporarily.

<sup>29</sup> Specifically, the City will identify and authorize at least the number of new emergency shelter spaces that equals 20 percent of the minimum threshold. The ordinance defines “minimum threshold” as the number of emergency shelter spaces that equals 60 percent of the estimated number of unsheltered PEH in the city pursuant to the 2022 PIT Count report or the most recent PIT Count report, whichever is less.

<sup>30</sup> If in any given month after the implementation of the formula, the utilization rate is greater than 60 percent, the City Manager shall, within 30 days, identify and authorize an additional number of emergency shelter spaces that equals 20 percent of the minimum threshold. However, the City Manager shall not be required to identify and authorize emergency shelter spaces that exceed the minimum threshold. The ordinance defines the “utilization rate” as “the percentage calculated as follows: (monthly average number of occupied emergency shelter spaces)/(total emergency shelter spaces identified and authorized by the city manager). For purposes of this calculation, the monthly average is calculated using the daily counts conducted pursuant to section 12.100.020.”



- Requires the City Manager to collect data on emergency shelter spaces, encampments, and unlawful camping, and provide monthly updates to the City Council; and
- Requires the City Manager to deploy outreach teams five days a week in the city to conduct outreach and offer shelter space to persons unlawfully camping.

Critically, the ordinance caps the unobligated General Fund disbursement for the City’s fulfillment of duties related to this ordinance at \$5 million.

The measure also included a series of new requirements related to engaging enforcement actions against homeless encampments and provided citizens with a new legal tool to force the City to engage in enforcement actions timelier.<sup>31</sup> More specifically, the measure established new rules concerning when a homeless encampment can be cleared. ESEA also provided private citizens to file public or private nuisance lawsuits against the City for failing to address any PEH in an encampment located on public or private property as required by its terms.

However, the City Manager determined in July 2023 that the City had exceeded the \$5 million funding cap stated in Measure O. In response, all such incoming requests are treated through the City’s 311 system.

Notably, the inclusion of the \$5 million cap on City spending was met with staunch opposition and criticism from the business community and leadership of the Sacramentans for Safe and Clean Streets and Parks coalition.

However, as discussed in greater detail above, the City Council in August 2023 updated the City’s Homeless Response Protocol to conform more closely to ESEA.

### **City and County Partnership Agreement**

In December 2022, the City entered into an agreement with the County to enhance coordinating efforts to address homeless issues. The five-year agreement includes joint outreach teams and a commitment by Sacramento County to create new shelter beds and deploy behavioral and mental health services to meet the needs of people experiencing homelessness.

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<sup>31</sup> The Emergency Shelter and Enforcement Act of 2022 defines encampment as “four or more unrelated persons camping within 50 feet of each other and without permitted electrical power, permitted running water, and permitted bathroom facilities, that serve the encampment.” In contrast, the Citywide Homeless Response Protocol defines “encampments” as “a broad term to encompass locations and situations where one or more persons are situated, in an unsheltered manner, such that their primary nighttime residence is not suitable for human habitation and/or living accommodation purposes.”

Under the agreement, the County agreed to deploy mental health clinicians with outreach teams working in camps throughout the city. These teams were to have the ability to assess people in the field and enroll them in services — something the City lacks the ability or authority to do. The City and County were also to place their shelter beds in the same Coordinated Access System (CAS), making it easier to quickly survey available beds and place individuals on a daily basis. The County agreed to place a walk-in behavioral health center, known as a CORE Center, downtown.

As part of the agreement, the City and County were to create 10 new “encampment engagement teams” – staffed by a total of 50 people – to provide intensive outreach, assessment, navigation, service delivery and housing to as many PEH as possible in encampments within city limits.<sup>32</sup> Teams were to include mental health workers from the County who have the ability and qualifications to provide a behavioral health assessment and enroll or link PEH to an appropriate level of mental health and substance abuse services.

The City is responsible for determining which sites the encampment engagement teams will be deployed to each day, conducting initial outreach, and coordinating City services, such as solid waste removal, code enforcement and public safety. County behavioral health workers are responsible for conducting behavioral health assessments both in the field and in City shelters, and enrolling PEH in services.

The County is in the process of increasing substance abuse treatment, with the goal of adding 500 new beds specially to address that population. In addition, the County committed to adding 200 shelter beds within 12 months of signing the agreement and 200 more shelter beds within 36 months of signing. Additionally, the parties agree that if the City provides a shovel-ready site, the County will agree to open another 200 additional shelter beds within the city.

The agreement also sets forth provisions for coordinating the planning and deployment of services, facilitating accountability, and measuring progress with reports in open session to both the City Council and County Board of Supervisors.

In interviews conducted for this preliminary report, City management has been appreciative of the new services provided by the County. However, while City managers have been critical of the County’s pace in achieving its contractual obligations, ranging from delays in staffing outreach teams to not reporting their shelter beds into the CAS system, City and County staff continue to work together to take steps in moving these issues forward and achieving the requirements of the agreement.

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<sup>32</sup> According to the contract, the City will provide 25 of the 50 encampment workers – either Department of Community Response staff or contracted providers – to provide encampment assessments and coordinate outreach and mitigation services.

## Active Litigation

In June 2023, Sacramento County District Attorney Thein Ho (District Attorney) sent a letter by email to the City of Sacramento (City) alleging City Code and ordinance enforcement violations, as well as other demands related to addressing homelessness in Sacramento.

After ongoing efforts between the District Attorney and Mayor Darrell Steinberg to come to an agreement on addressing the “proliferation of homeless encampments, the garbage on city streets, the discarded hypodermic needles and the disruption to civic life,” the District Attorney filed a lawsuit against the City due to the City’s inaction on homelessness. The lawsuit cited violations of the public and private nuisance laws and inverse condemnation. The public and private nuisance claims stem from the District Attorney’s argument that the City has failed to enforce the City Code and California Vehicle Code, which has caused such significant nuisance as to damage the owners of public and private property.

As part of our work on this preliminary report, we met with the City Attorney’s Office to discuss additional active litigation that may impact this project. Per the City Attorney’s Office, the myriad of lawsuits in progress can be broken into the following categories:

**Figure 19: Classification of Cases Currently Litigated by City Attorney’s Office**



**Source:** Auditor generated based on information provided by the City Attorney’s Office.

Most recently, in November 2023, the District Attorney threatened criminal prosecution of City officials for allowing PEH at Camp Resolution to violate both contractual obligations and safety standards set by the Central Valley Regional Water Quality Control Board and exposing PEH to contaminants.

### City Codes Related to Homelessness

The City has various codes or ordinances regulate unlawful conduct that in many instances impact PEH. Some of these codes relate to sidewalk obstructions, encampment enforcement, unlawful camping, park regulations, critical infrastructure, and vehicle abatement. There are also state laws that impact PEH, such as the California Vehicle Code (CVC). These various codes and laws are compiled in the City’s Homeless Response Protocol to provide guidance for the City’s approach to addressing encampments that violate these codes and laws and are listed in the following figure.

**Figure 20: List of City Codes and State Laws in the City’s Homeless Response Protocol**

City Code Chapter 8.140	Protection of Critical Infrastructure and Wildfire Risk Areas, in particular 500 feet buffer zone around schools, K-12, and within the Critical Infrastructure List (“500 feet buffer zone”)
City Code Chapter 8.16	Abatement procedure for abandoned, wrecked, dismantled or inoperative vehicles
City Code Chapter 10.36.08	Removal of vehicles from the street
California Vehicle Code 22651	Vehicle parked or left standing on a street or alley for more than 72 hours; vehicle parked on public right-of-way with expired registration in excess of six months and one-day
City Code Chapter 12.24	Sidewalk Obstructions and Pedestrian Interference
City Code Chapter 12.52.040	Storage of personal property on public property
City Code Chapter 12.72.060	Park use regulations

**Source:** Auditor generated based on the City’s Homeless Response Protocol and notice forms.

**Note:** As clarified in the City’s Homeless Response Protocol, this is not an exhaustive list.

City departments, such as the Department of Community Response (DCR), Code Enforcement, the Sacramento Police Department (SPD), and Park Rangers, are responsible for gaining compliance. To facilitate the compliance process, notice forms may be posted to inform PEH of the violation and when they can expect compliance actions to take place. Provision of sufficient notice, with a defined noticing period and frequency, is written into some of the City codes. In practice, the actual noticing period and frequency may be more relaxed or a notice may be posted even if not stipulated by City Code. However, a notice might also not be posted for Priority Level 1 encampments if the code or law allows and the noticing period and frequency may be adjusted, after legal review and if the code or law allows, due to changed circumstances. An example of a notice that City employees may use while carrying out compliance activities is shown in the figure below.

**Figure 21: Notice to Vacate Listing Several City Code Chapters Enforced in Homeless Mitigation Efforts**

*City of*  
**SACRAMENTO**

**CITY OF SACRAMENTO  
ATTENTION TO VACATE**

THIS SITE IN VIOLATION OF THE FOLLOWING PROVISION(S) OF LAW, AND MUST BE VACATED BY \_\_\_\_\_

CAL. PENAL CODE § 602 – TRESPASS  
 SAC. CITY CODE § 8.140.030.A – CAMPING ON/ADJ. CRITICAL INFRASTRUCTURE/DESIGNATED LOCATION  
 SAC. CITY CODE § 8.140.030.B – STORAGE OF PERSONAL PROPERTY ON/ADJ. CRITICAL INFRASTRUCTURE/DESIGNATED LOCATION  
 SAC. CITY CODE § 12.24.020 – SIDEWALK OBSTRUCTION  
 SAC. CITY CODE § 12.52.040.A – STORAGE OF PERSONAL PROPERTY ON PUBLIC PROPERTY  
 OTHER: \_\_\_\_\_

**INSTRUCTIONS:** TO AVOID ANY LOSS OF PROPERTY, ALL PERSONAL PROPERTY MUST BE REMOVED. IF THE PROPERTY HAS NOT BEEN VOLUNTARILY REMOVED, THE PROPERTY WILL BE REMOVED AND MAY BE BOOKED FOR SAFEKEEPING AT THE SACRAMENTO POLICE DEPARTMENT EVIDENCE & PROPERTY SECTION LOCATED AT 555 SEQUOIA PACIFIC BLVD. THE SACRAMENTO POLICE DEPARTMENT EVIDENCE & PROPERTY SECTION IS OPEN MONDAY-THURSDAY 8:00-4:30 EXCLUDING CITY HOLIDAYS. PLEASE BE ADVISED THAT PERISHABLE ITEMS, HAZARDOUS ITEMS, OR PROPERTY THAT IS DEEMED TRASH MAY BE DISPOSED OF. SHOULD YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE SACRAMENTO POLICE DEPARTMENT AT 916-808-5471.

DATE AND TIME POSTED: \_\_\_\_\_

LOCATION: \_\_\_\_\_

DESCRIPTION OF ITEMS: \_\_\_\_\_

POSTING OFFICIAL: \_\_\_\_\_

rev7-22

**Source:** City of Sacramento.

This broad range of codes and laws, varied practices and requirements for providing sufficient notice, and the multitude of departments responsible for enforcing laws under their purview may be challenging for PEH to navigate.

Adding confusion, the City currently does not have a centralized resource portal that PEH can access that details how these various codes and laws may impact daily living or what to expect during the compliance process. Homeless advocates and City employees have expressed concern about the difficulty of navigating the legal landscape from both the public and enforcement perspectives.

Representatives of DCR have expressed similar concerns in their outreach and efforts to have PEH comply with various codes.

Like other cities in the U.S. that are impacted by homelessness, some cities are working toward establishing a way to convey city codes and laws to PEH. For example, a New York City advocate introduced legislation to the City Council to establish a 'Homeless Bill of Rights' for PEH both outside of and within New York City's shelter system, as well as standards required to be met within shelters. The goal is to centralize for ease of communication information including shelter location and availability, access to legal services, educational options for children experiencing homelessness, and information about housing and financial assistance.

In interviews conducted for this preliminary report, City management stated that work to centralize codes and laws that directly impact the PEH community is part of its current workload to improve outreach. City management called this effort a work in progress.

## Information Management Systems

The City uses a variety of information management systems to track metrics related to its homeless response efforts. While most of these systems are not dedicated to the City's homeless response, the increasing impact of homelessness on the City's operations has contributed to either customizations of these existing systems to better record homelessness-related data or improved designation of already-tracked data as homelessness-related.

### Salesforce and 311

Salesforce software (Salesforce) is the backbone of some of the City's information management systems. A key Salesforce application used to support the City's homeless response is its customer service intake system, which is more generally used by the City's 311 Customer Service Help Center (311) to manage service requests that may be called in or submitted online. When a case first comes into 311, intake staff triage the case by ensuring the correct service and subservice types are selected, then refer the case to the appropriate department. In January 2024, 311 launched a virtual agent feature that engages users by asking a series of pertinent questions and subsequently creating a case in Salesforce for the Department of Community Response. This feature helps to streamline the triage process without requiring support from a 311 Customer Service Agent.

Once a case is triaged, departments are able to view cases within service and subservice types related to their operational responsibilities. Multiple departments may have access to cases within the same service or subservice type to allow for coordination. Some service and subservice types used by the City to categorize its homelessness-related cases are summarized in the following figure.

**Figure 22. Service and Subservice Types for Homelessness-Related 311 Cases**

SERVICE TYPE	ASSOCIATED SUBSERVICE TYPE
Animal Control	Owner Experiencing Homelessness
Homeless Camp	Assessment Concern General General Information Homeless Camp Homeless Camp - Trash Homeless Camp – Trash DOU Homeless Camp – Trash SPD Homeless Encampment 500ft from School Homeless Encampment Blocking Sidewalk Park or Bike Trail Referral from Code Unhoused Self-Referral Critical Infrastructure – Government Operations and Transportation Critical Infrastructure – Health Care and Public Safety Critical Infrastructure – Population Sites and Gathering Areas Critical Infrastructure – Utilities and Public Works
Homeless Camp-Trash SPD	Homeless Camp-Trash SPD
Measure O notice and Demand	Measure O notice and Demand
Unhoused Self-Referral	Concern

**Source:** Auditor generated based on 311 case data and DCR staff.

How these cases are received and then managed by the respective departments varies widely, as described below.

### Department of Community Response

As the primary department for responding to homelessness, the Department of Community Response (DCR) has worked with the Information Technology (IT) Department to create a more sophisticated case management system on the backend of the 311 system within Salesforce.

DCR primarily uses this case management system to support its outreach efforts or to coordinate compliance and camp management efforts with the City’s enforcement departments and contracted service providers. This system allows DCR to track specific metrics related to each case, such as courses of action taken by field staff, the number of individuals engaged, encampment observations, the amount of trash collected, and the number of needles picked up. The Geographic Information System (GIS)

function that exists within Salesforce has also allowed DCR and IT to collaboratively design a hotspot heat map, which is used by DCR to prioritize its response based on case volumes.

## Individual Department Systems

Many City departments have their own information systems that also track their homelessness-related activities and any associated metrics. Some of these systems can integrate with Salesforce, which helps streamline the case management process for the departments. For example, the Code Enforcement Division (Code) tracks its response to a variety of cases related to City Code violations, including abating nuisance vehicles owned by the unhoused community, by using the Citizenserve system.

While Citizenserve is a separate system, it can be integrated with Salesforce. As such, a case that comes in from 311 can automatically generate a new case in Citizenserve, but two case numbers, one in each system, will be created. Since Code uses Citizenserve to document data about a case, information about how the case was closed lives in Citizenserve and is not currently set to automatically feed back into the 311 system.

Additionally, other departments use systems that are entirely independent of Salesforce. As such, cases that are referred to those departments from 311 are then manually entered into the respective systems to document the response. Similar to Citizenserve, information about how the case was closed thus lives in those individual systems. Some examples include:

- The Animal Care Services Division uses the system Chameleon to support its Homeless Outreach and Assistance Program, which provides preventative care, medical consult and assistance, vet care funding assistance, spay and neuter services in-shelter, and resource sharing to owners experiencing homelessness. Chameleon records information about the owner and their animal, such as identification numbers, address, microchip number, vaccinations, visits, health condition, and more.
- The Sacramento Fire Department uses FDM Software to track its 911 calls, including metrics like the address, station responding, incident type, and time committed to the call. Following a call, the captain for each fire engine enters a report into the FDM Software system. At this time, calls related to an unhoused individual or encampment can be coded as related to homelessness.
- The Department of Public Works and the Department of Utilities use workorder systems to track metrics like, a description of the work completed, the date work was completed, any supply costs, and whether it is related to homelessness. For homelessness-related work, this could include building repairs and cleanups on public streets and around critical infrastructure.



- The Sacramento Police Department and Park Rangers use the Mobile Report Entry system to write reports related to relevant site visits and as needed. Park Rangers also use the Collector system for data tracking purposes and are working to convert to a Salesforce-based system.

## Homeless Management Information System

The Homeless Management Information System (HMIS) is a shared localized database used by organizations that provide services to people who are homeless or at risk of becoming homeless. As the local HMIS lead, Sacramento Steps Forward manages the database for Sacramento and Yolo Counties, granting access to the system, maintaining data quality, and providing regular reports to the U.S. Department of Housing and Urban Development (HUD). The use of an HMIS is mandated by Congress for any Continuums of Care (CoC) who receive federal funding to address homelessness in their communities. The State of California also requires the use of HMIS for state-funded programs.

HMIS collects client-level data on housing and services for PEH, including demographics, history of homelessness and services accessed, and service needs. HMIS seeks to collect information from all homeless service providers throughout the county, including agencies that provide housing services (transitional housing, permanent supportive housing, rapid re-housing, emergency shelters, for instance), homeless prevention projects, as well as auxiliary services (such as food shelves, outreach programs, and drop-in centers), and other service providers in contact with PEH. One of the main functions of the HMIS is to connect community agencies with one another, allowing direct service staff to know more about what is happening with their clients and where else they are obtaining services.

The City uses HMIS in its outreach efforts to conduct assessments for the PEH community and understand an individual's homelessness and service history. The City also participates in the regional effort to improve and streamline access to shelter and services by inputting its shelter spaces and programs into HMIS.

As access to HMIS is strictly monitored, requiring background checks and security measures to protect the confidential client data stored in the system, the City is only given access to data in HMIS for City programs and services. While this allows the City to monitor the performance of its own service providers, it provides some limitations in determining how City programs interact with other programs in the continuum or lead to the success of a PEH once they have moved on to a non-City program

## Data Challenges

As described above, the City currently relies on a variety of information management systems to record data related to its homeless response. This disaggregation raises questions on how the data can be efficiently compiled to demonstrate the full operational response and cost to the City. Additionally, the simultaneous use of 311 and a department's separate information management system leads to two case numbers being generated and thereby raises the risk that cases are double-counted when data is aggregated.

As a result, Citywide homeless response data is inconsistently tracked, which may result in duplicated, inflated, and incomplete metrics. The City, therefore, cannot accurately aggregate homeless response activities to determine which departments are involved in responding to one "homeless occurrence".

Furthermore, based on interviews conducted for this preliminary report, City officials stated there are many different reasons that individuals deny services or are denied services that are offered. The reasons can be as varied as the PEH owning a dog that is prohibited at the shelters to the shelter not providing the type of medical support needed by the PEH, and may be recorded in HMIS. We believe that opportunities exist for the audit team to aggregate and report on these reasons to provide more information on the kinds of services that are needed in the community to ensure resources are efficiently deployed to meet those needs.

Additionally, the way data is tracked and analyzed within the HMIS system as well as limited system accessibility does not allow the City to evaluate whether a PEH who came into contact with a City program has achieved long-term success. We believe that opportunities exist for the audit team to aggregate and report on whether and at what rate positive housing outcomes are being achieved as a result of potential stabilization offered by City programs.

## **Cost of Homelessness to the City**

Due to the increasing impact of homelessness in the Sacramento region, there has been much interest in the amount being spent on responding to homelessness and the cost-effectiveness of the dollars spent.

Back in October 2015, the City issued a *Cost of Homelessness to the City of Sacramento* report (2015 *Cost of Homelessness* report), which compiled cost information from the twelve City departments with homeless-related activities and three City/County JPAs for Fiscal Year (FY) 2014/15. The report specifies in its methodology that the City's Homeless Services Coordinator sent details on the project to all City department directors, who were asked to consider their operating budget and whether their department had any costs related to homelessness. Departments that did have homeless-related expenses were asked to provide a brief description of the activity or program, the funding source for the cost, amongst other details. Based on this methodology, the City did not at the time have the administrative infrastructure in place to extract financial information related to all City homeless expenses in a reasonably efficient manner.

The City attempted to update the 2015 *Cost of Homelessness* report by repeating the same compilation exercise for homeless-related costs incurred Citywide in FY 2017/18. However, it does not appear that an updated report was released.

## Methodology for Compiling Homeless Expenditures in Fiscal Year 2022/23

The City continues to incur costs in its undertaking of various types of homeless response efforts. As previously described in this preliminary report, these efforts include actively committing financial resources to assist PEH, reacting to the impacts of homelessness in the city, investing in longer term solutions, and more.<sup>33</sup>

Based on interviews with City staff and management, homeless-related costs are not easily identifiable in the City's financial system as the costs are typically not distinguished from other costs for most City departments. While some departments use their own homeless code(s) to track homeless-related activities, staff time, and associated costs in their own systems, this is not consistent or applicable Citywide. As such, as part of this preliminary report, we followed a similar methodology as the *2015 Cost of Homelessness* report and surveyed all City departments<sup>34</sup> regarding any homeless-related expenditures in FY 2022/23, with a focus on internal departments. Departments were asked to describe the relevant expenditures, provide an actual or estimated expenditure amount, categorize expenditures by type, identify the funding source, distinguish between staff and hard costs, and provide any other relevant details.

For the purposes of this preliminary report, the results of this survey are self-reported and not audited. The results of this survey are intended to provide a general understanding of the City's homeless expenditures in FY2022/23 as the operational impact of homelessness on many departments continues to increase.

Upon receipt of the expenditures data, our office compiled the survey results and conducted a high-level review for consistency only.

## Survey Outcomes for Homeless Expenditures in Fiscal Year 2022/23

According to the outcomes of our expenditures survey, which includes contract costs<sup>35</sup>, the City has spent approximately \$57.3 million in FY2022/23 on homeless-related efforts, an almost 5.3-fold increase, totaling almost \$46.5 million<sup>36</sup>, since 2015.

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<sup>33</sup> For more background on the various homeless efforts that the City is involved in, please refer to the "Types of Homeless Response Efforts" section.

<sup>34</sup> We collectively refer to all City departments and charter offices, including the City Manager's Office, as "departments" in this section of the report. Additionally, this survey exercise excludes the various Mayor and Council offices.

<sup>35</sup> City homeless-related contracts are listed in the "Contracts with Non-Profit and For-Profit Agencies" subsection. Please note that expenditures reported in this survey may cover additional contracts from other departments that might not be specific to homeless efforts.

### Expenditures by Department

Of the City's seventeen departments, twelve departments incurred costs related to homelessness, while five departments indicated that they did not have any associated costs and thus do not have any homeless expenditures data.<sup>37</sup> These five departments are as follows:

- Office of the City Auditor<sup>38</sup>;
- Office of the City Clerk;
- Office of the City Treasurer;
- Finance Department; and
- Office of Public Safety and Accountability.

For the other twelve departments, total homeless costs are shown in the following figure.

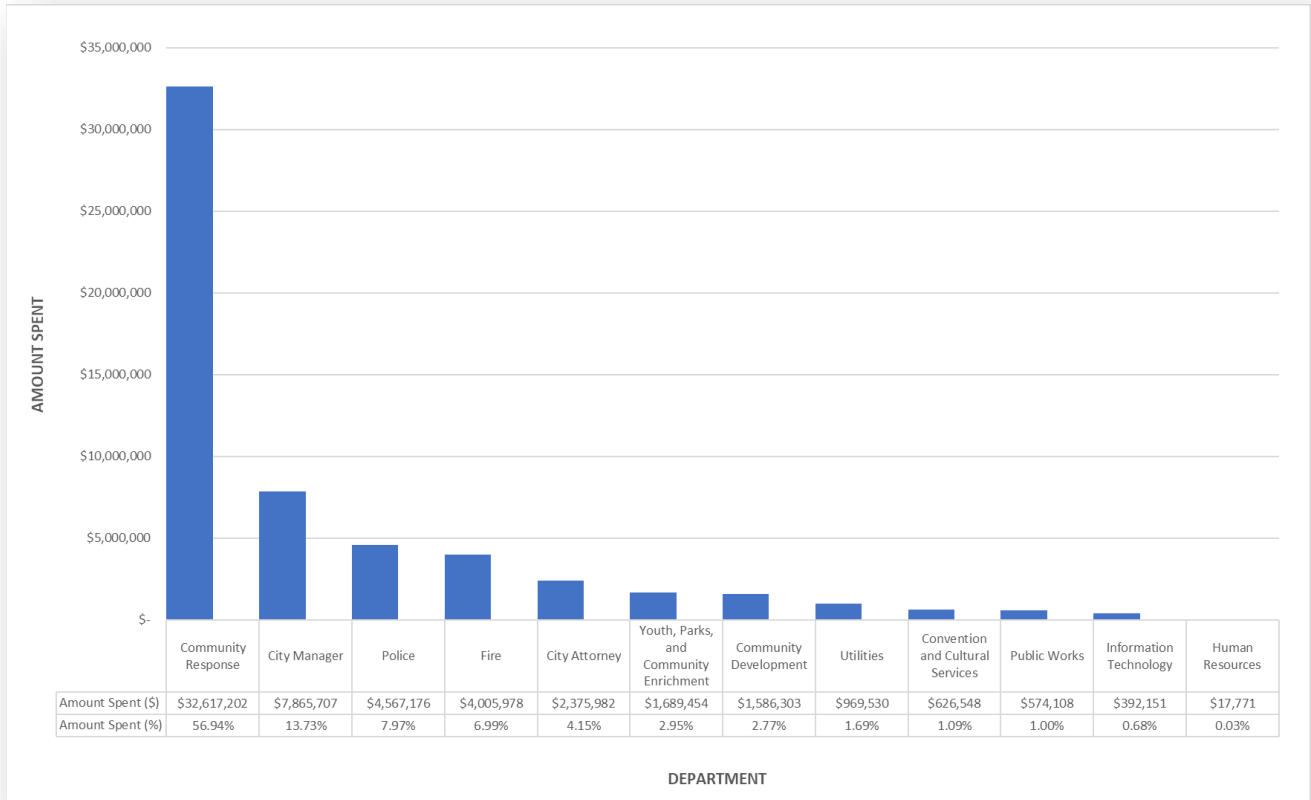
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<sup>36</sup> This difference compares the FY2022/23 amount to the total amount spent by City departments on homelessness in the *2015 Cost of Homelessness* report.

<sup>37</sup> While the number of departments with homeless expenditures is the same as in the *2015 Cost of Homelessness* report, please note these are not referring to all the same departments due to organizational changes since 2015.

<sup>38</sup> The cost of this audit is not included as it is not considered a homeless "response" cost.

**Figure 23. Expenditures by Department**



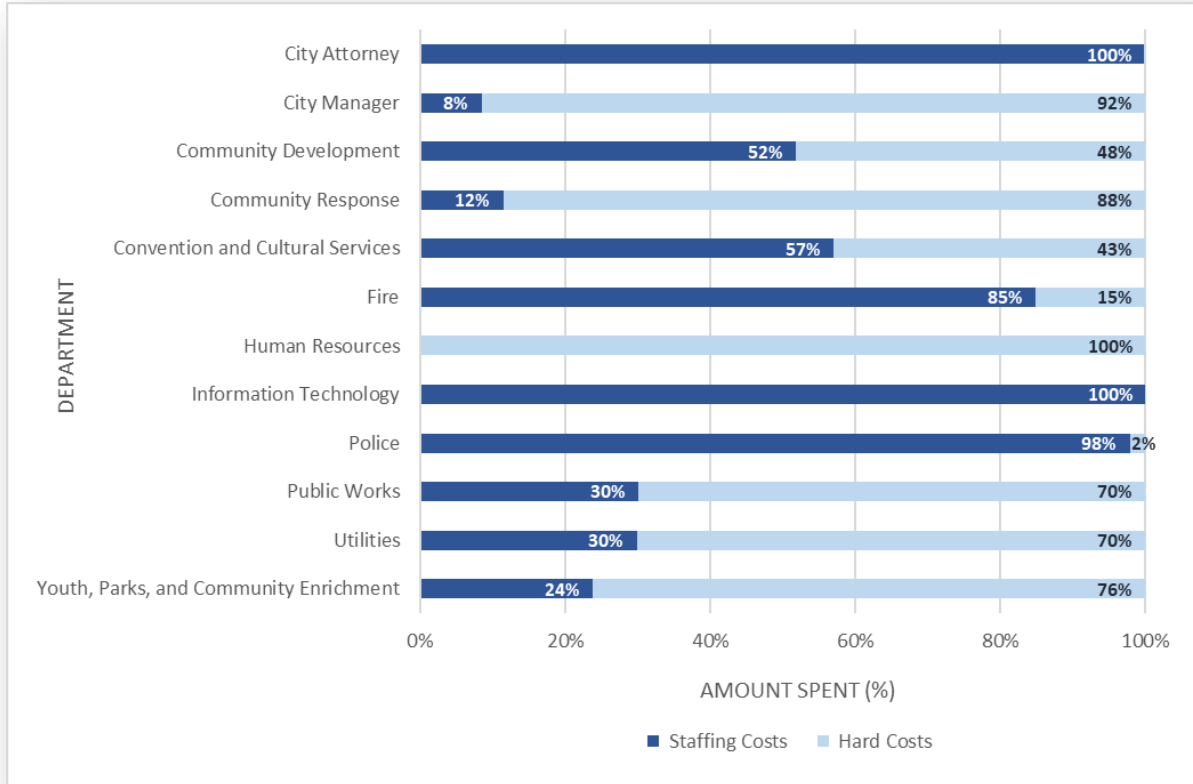
**Source:** Auditor generated based on expenditures survey data.

**Note:** This data is for FY2022/23 and was not audited. Numbers might not add up to 100 percent due to rounding.

As seen in the figure above, the Department of Community Response (DCR) had the highest amount of expenditures at 57 percent of total Citywide homeless expenditures, or approximately \$32.6 million. Following DCR are the City Manager’s Office (CMO) at 14 percent, or approximately \$7.8 million, and the Sacramento Police Department (SPD) at 8 percent, or approximately \$4.6 million.

To further break down the expenditures, we asked City staff to distinguish between staff costs, which includes only the cost of City staff time, and hard costs, which is defined as all other costs, such as equipment or contract costs. The following figure shows the percentage of staff and hard costs out of each department’s reported expenditures.

**Figure 24. Staff Costs and Hard Costs, by Department**



**Source:** Auditor generated based on expenditures survey data.

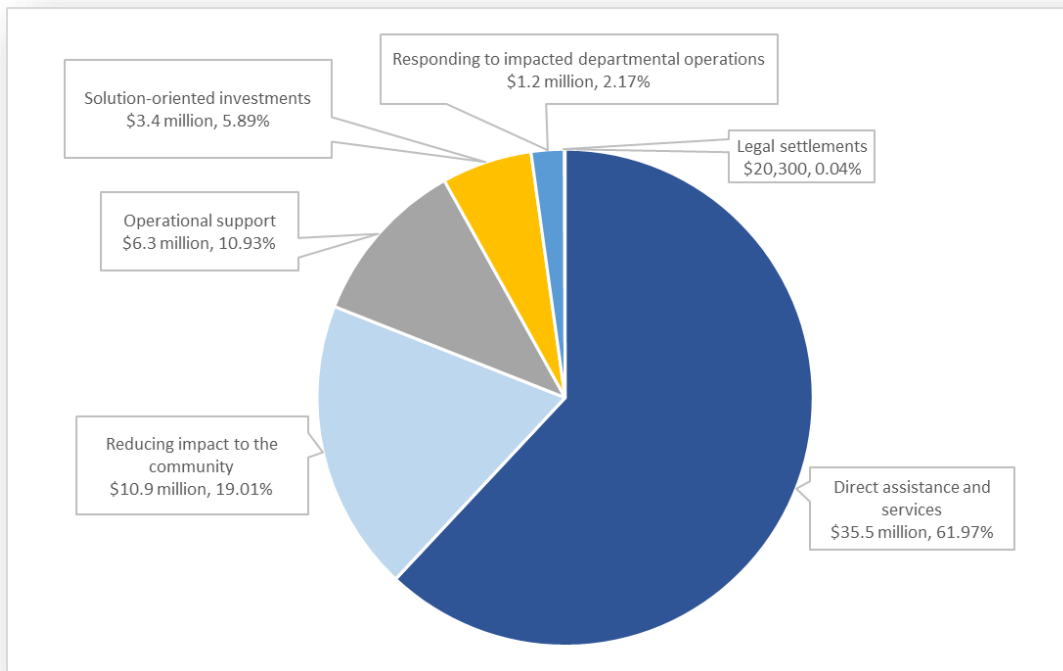
**Note:** This data is for FY2022/23 and was not audited. Numbers might not add up to 100 percent due to rounding.

As seen above, the proportion of staff and hard costs varies depending on each department’s respective function within the City.

### Expenditures by Type of Response Effort

Using the same categories described in the “Types of Homeless Response Efforts” section of this preliminary report, the response effort with the highest amount of expenditures is providing direct assistance and services, at about \$35.5 million or 62 percent of total Citywide expenditures, followed by reducing impact to the community, at about \$10.9 million or 19 percent of total Citywide expenditures. One additional expenditure category that affects the City’s total homeless costs but not already described as a homeless response effort is legal settlements.<sup>39</sup> The expenditures for each type of homeless response are shown in the figure below.

Figure 25. Homeless Expenditures by Type of Response Effort



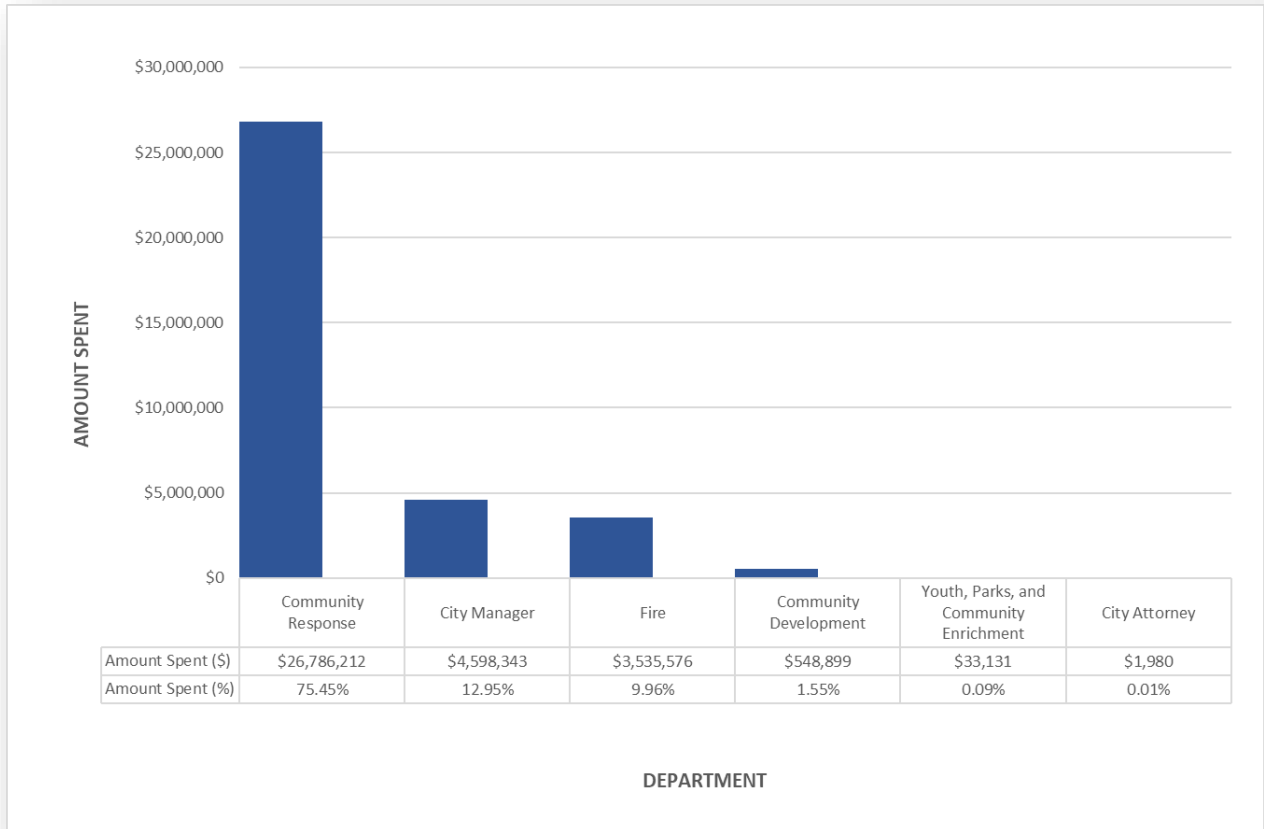
**Source:** Auditor generated based on expenditures survey data.

**Note:** This data is for FY2022/23 and was not audited. Numbers might not add up to 100 percent due to rounding.

Within each of these types of homeless response efforts, some departments expend more than others due to their respective role in the City’s homeless response. In providing direct assistance and services, the Department of Community Response expends the most out of all City departments, at almost \$26.8 million or approximately 75 percent of the \$35.5 million spent on providing direct assistance and services. The figure below lists all departments who had expenditures in this category for FY2022/23.

<sup>39</sup> For more information on active litigation, please refer to the “Legal Considerations” section.

**Figure 26. Cost of Providing Direct Assistance and Services, by Department**



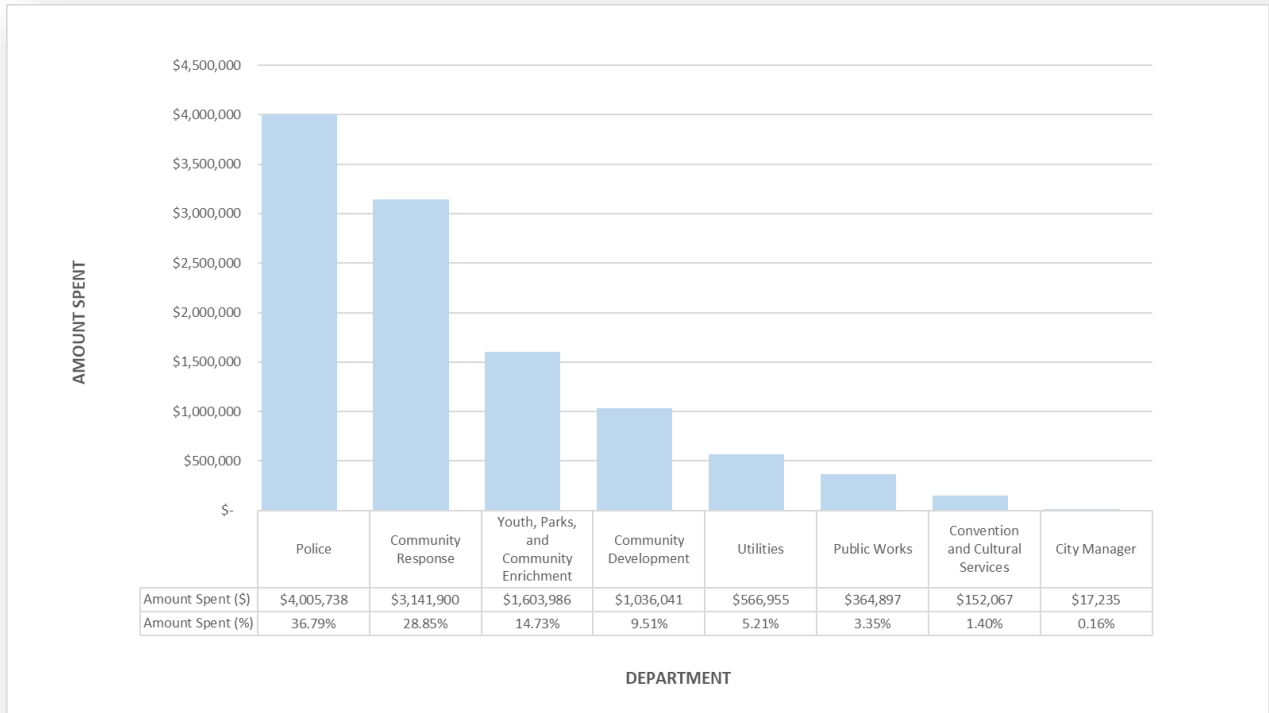
**Source:** Auditor generated based on expenditures survey data.

**Note:** This data is for FY2022/23 and was not audited. Numbers might not add up to 100 percent due to rounding.

The following figure illustrates departments with expenditures related to reducing impact to the community. The top four departments all have staff who are members of the Incident Management Team and include SPD, DCR, Youth, Parks, and Community Enrichment (YPCE), and Community Development (CDD). Their combined expenditures in this category total almost \$9.8 million, which accounts for almost 90 percent of expenditures in this category.



**Figure 27. Cost of Reducing Impact to the Community, by Department**



**Source:** Auditor generated based on expenditures survey data.

**Note:** This data is for FY2022/23 and was not audited. Numbers might not add up to 100 percent due to rounding.

The remaining types of homeless response efforts account for a lesser portion of the City’s total homeless-related expenditures. To summarize expenditures by department for each homeless response effort, we highlight the two departments with the highest expenditures for each expenditure category in the figure below. These top two departments account for between 63 percent and 100 percent of the expenditures for each type of homeless response efforts.

**Figure 28. Top Two Departments by Expenditure Amount Within All Homeless Response Efforts**

Homeless Response Effort/ Expenditure Category	Top Two Departments	Amount Spent for Top Two Departments (\$)	Amount Spent Out of Total for Expenditure Category (%)	Top Two Total Out of Total for Expenditure Category (%)
Direct assistance and services	Community Response	\$26,786,212	75.45%	88.40%
	City Manager	\$4,598,343	12.95%	
Reducing impact to the community	Police	\$4,005,738	36.79%	65.64%
	Community Response	\$3,141,900	28.85%	
Operational support	City Attorney	\$2,371,437	37.89%	68.70%
	Community Response	\$1,928,748	30.81%	
Solution-oriented investments	City Manager	\$2,600,000	77.07%	99.61%
	Community Response	\$760,342	22.54%	
Responding to impacted departmental operations	Convention and Cultural Services	\$474,482	38.21%	63.36%
	Police	\$312,238	25.15%	
Legal settlements	Human Resources	\$17,771	87.39%	100.00%
	City Attorney	\$2,565	12.61%	

**Source:** Auditor generated based on expenditures survey data.

**Note:** This data is for FY2022/23 and was not audited. Numbers might not add up to 100 percent due to rounding and due to only displaying expenditures data for the top two departments.

### Expenditures by Fund

The source of funding for these homeless-related expenditures overlaps fifteen different City funds. These expenditures are primarily funded through the Measure U Special Fund, which accounts for the highest amount of expenditures at about 29 percent, the General Fund at about 25 percent, and Operating Grants at about 19 percent. The following figure lists all funds from which homeless-related costs were expended from.

**Figure 29. Homeless Expenditures by City Funds**

Fund Name and Number	Amount Spent (\$)	Amount Spent (%)
1001 - General Fund	\$14,354,744	25.06%
1003 - ARPA Reinvestment Fund	\$5,150,728	8.99%
2029 - Revolving Loan Fund	\$2,600,000	4.54%
2401 - Measure U Special Revenue Fund	\$16,869,793	29.45%
2603 - Golf Fund	\$1,719	0.00%
2701 - Disaster Relief Act Fund	\$3,316,926	5.79%
2702 - Operating Grants	\$11,035,278	19.26%
2703 - Externally Funded Programs	\$2,466,685	4.31%
6005 - Water Fund	\$364,409	0.64%
6006 - Wastewater Fund	\$8,932	0.02%
6010 - Community Center Fund	\$504,738	0.88%
6011 - Storm Drainage Fund	\$593,383	1.04%
6501 - Fleet Management	\$2,806	0.00%
6502 - Risk Management	\$5,602	0.01%
6504 - Worker's Compensation Fund	\$12,169	0.02%
<b>Grand Total</b>	<b>\$57,287,912</b>	<b>100.00%</b>

**Source:** Auditor generated based on expenditures survey data.

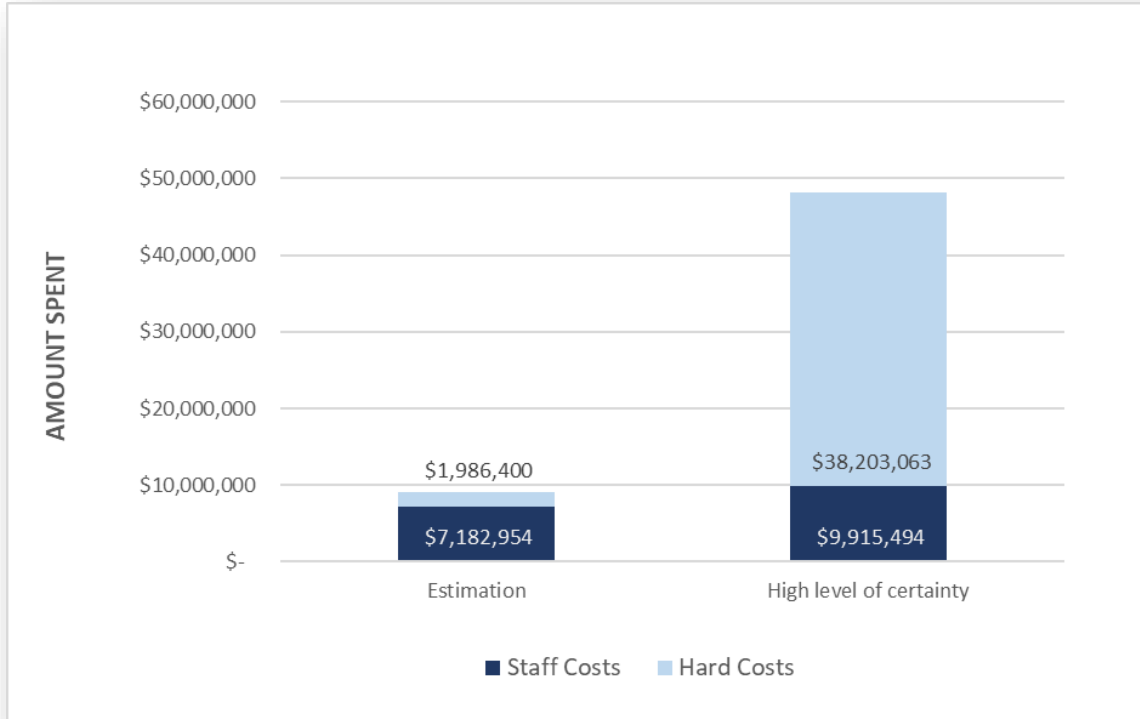
**Note:** This data is for FY2022/23 and was not audited. Numbers might not add up to 100 percent due to rounding.

**Expenditures by Level of Certainty**

As previously described in this section, the City does not appear to have a centralized process to account for homeless-related costs. As such, there are varying degrees of certainty regarding the expenditures reported by City departments. To account for this, we asked departments to identify whether their expenditures were estimations or whether there was a high level of certainty regarding the numbers reported in this survey exercise. An expenditure is considered an estimation if there is some uncertainty with how the expenditure was calculated, such as if some staff time is dedicated to a homeless-related effort but is not tracked with a time code and is only based on staff estimates regarding how many hours was spent on the effort. In comparison, an expenditure is considered to have a high level of certainty if the methodology for calculating the amount is relatively sound and relies on readily available numbers, such as invoices, workorders, time codes, or other data.

Of the total amount of homeless-related expenditures reported, the majority of the expenditures, at about \$48.2 million or 84 percent, was designated as having a high level of certainty. When staff and hard costs are considered, staff costs account for approximately 78 percent of total expenditures that are estimations. In contrast, hard costs account for approximately 79 percent of total expenditures that had a high level of certainty. The following figure illustrates these proportions.

**Figure 30. Staff and Hard Costs by Level of Certainty**



**Source:** Auditor generated based on expenditures survey data.

**Note:** This data is for FY2022/23 and was not audited.

While departments indicated that there was a high level of certainty for most expenditures, the process for compiling these expenditures differed between departments and even within departments. Overall, we found that City staff employed a variety of approaches in filling out this expenditures survey. For example, some staff were able to download data from their own departmental systems and calculate costs using available data. Others had to inquire within their own departments to estimate staff hours attributed to homeless response efforts or reach out to department contractors to compile expenditures. The differences in these approaches emphasize both the inconsistency and prolonged process of manually compiling homeless-related expenditures Citywide. This thus limits the City’s ability to compile homeless-related expenditures using a more streamlined and efficient approach.

### **Best Practices and Other Audits**

We found several audits of homeless services and responses from various cities and counties. As shown in the figure below, we identified several audits that included findings related to program performance and controls, coordination, funding, and administration.

**Figure 31: Audit Research and Relevant Takeaways**

Audit Shop and Audit Title	Key Takeaways
City of Austin: Special Report: Homelessness Spending	<ul style="list-style-type: none"> <li>• Service providers contracted by the City to provide homelessness services frequently did not meet performance goals and there were no consequences.</li> <li>• Frequent contract amendments to goals, even after annual performance was reported.</li> <li>• Current performance measures do not report on the length of time a person remains housed, making it difficult to accurately identify successful programs and services.</li> <li>• Resources to prevent people from experiencing homelessness are not sufficient and may not have been used to serve people who had the highest risk of experiencing homelessness.</li> <li>• No centralized system to track case management services.</li> <li>• Reducing and eliminating barriers to service is one area where the City can improve its efforts.</li> </ul>
City of Austin: Homelessness Assistance Audit Series – Coordination of the City’s Homeless Assistance Efforts	<ul style="list-style-type: none"> <li>• Spending generally aligns with City Council direction and stated priorities despite not all spending action related to homelessness assistance can be directly traced to specific guidance from City Council.</li> <li>• Multiple City departments manage agreements related to homelessness assistance, but there is no single department responsible for tracking all agreements related to homelessness assistance.</li> <li>• Agreements often are not standardized and led to inconsistent names/titles.</li> </ul>
City of Austin: Homelessness Assistance Audit Series – Allocation of City Resources	<ul style="list-style-type: none"> <li>• The City does not have a complete understanding of how many people are experiencing homelessness or their needs, which limits its ability to effectively allocate resources.</li> <li>• The City is not meeting the long-term needs of the homeless population and it is unclear if it is effectively meeting the short-term needs.</li> <li>• A mix of funding sources are often used for homelessness assistance efforts. This minimizes impacts of potential funding cuts but may create a burden on service providers.</li> </ul>

<p>City and County of San Francisco (Budget and Legislative Analyst): Performance Audit of the Department of Homelessness &amp; Supportive Housing</p>	<ul style="list-style-type: none"> <li>• Lack of consistent performance metrics for contracted service providers.</li> <li>• Lack of monitoring for program performance by contracted service providers.</li> <li>• Lack of defined roles/responsibilities for contract and project managers.</li> <li>• Slow to fill new/vacant positions.</li> <li>• Impacted functionality of data management system for tracking clients and housing inventory.</li> <li>• No formal oversight.</li> </ul>
<p>City of Oakland: Performance Audit of the City of Oakland's Homelessness Services</p>	<ul style="list-style-type: none"> <li>• Many crisis responses and longer-term housing participants' long-term outcomes are unknown, and lengths of stay need more analysis.</li> <li>• The City had mixed results in facilitating enrollments in benefit programs critical to improving homelessness services participants' life circumstances and housing stability.</li> <li>• The City lacked access to timely, accurate, and complete data to fully understand service provider performance, bed utilization, and participants' returns to homelessness.</li> <li>• More data is needed to ensure The City is meeting racial equity goals and identifying disparities affecting groups underserved or underrepresented by The City's homelessness services.</li> <li>• Improvements are needed in the monitoring, oversight, and administration of the City's homelessness services contracts.</li> <li>• The City needs to move homelessness services forward by adopting an actionable strategic plan and increasing oversight.</li> </ul>
<p>City of Portland: Cleanups of Homeless Camps: Improved Communications and Data Needed</p>	<ul style="list-style-type: none"> <li>• The City needs to provide better information to people in camps.</li> <li>• The City needs to do more to protect the property of people who experience homelessness.</li> <li>• The City needs to provide more specific communication about complaint status.</li> </ul>

**Source:** Auditor generated based on audit research.

## Preliminary Scope Considerations

As stated in the City Auditor’s 2023/24 Work Plan, “The City’s response to homelessness includes a variety of departments and external stakeholders working together to implement innovative solutions to meet the needs of those experiencing homelessness. This audit will evaluate the costs and effectiveness of the Citywide response to homelessness.” Upon holding multiple meet-and-greet sessions with departments directly involved in the City’s homeless response, attending ride-alongs to observe staff in the field engaging with the PEH community, coordinating with all City departments on their expenditures related to homelessness, meeting with external partners and stakeholders, and conducting independent research on homelessness in the City, we consider the potential scope of the audit to be wide-ranging.

To ensure that information is compiled, analyzed, and presented in a timely manner, we are considering a phased approach to the audit. To accompany this preliminary report, we have determined additional topics that the next phases of the audit can focus on, each with a list of potential objectives for further evaluation. The following section summarizes these potential objectives.

## Potential Audit Objectives

The following are some potential objectives identified in the City’s homeless response that may warrant further evaluation:

Topic	Potential Objectives for Further Evaluation
Citywide Strategy/ Coordination	Determine whether the City is efficiently and effectively monitoring and communicating daily response and service metrics to prioritize and achieve higher-level goals, as defined in existing strategic plans.
	Determine whether the City’s current response protocol is efficiently and effectively guiding interdepartmental coordination, evaluating response times and resource deployment, and adhering to NIMS structure.
Cost of Homeless Services to the City	Determine whether contracts with homeless services providers, totaling approximately \$45.7 million across 26 contracts as of March 2023, are designed consistently, and are operating and administered efficiently and effectively.
	Determine whether the City is effectively and efficiently operating and administering contracts for the operation of the various types of emergency and temporary shelter solutions, such as vouchers or safe grounds; and determine whether opportunities exist to implement more cost-effective and stabilizing options that result in permanent housing placement.
Data Integrity and Usefulness	Determine whether Citywide homeless response activity data is consistently monitored, communicated, and analyzed to ensure legitimate, accurate, and complete metrics are aggregated to provide an efficient and effective homeless response.
	Determine whether the City is tracking current data and metrics to demonstrate whether long-term positive shelter/housing outcomes are being achieved on an individual level; and to conduct analysis on services offered and reasons for refusal in order to inform better service delivery or more effective temporary housing solutions.
Public Information	Determine whether information about relevant City codes and associated enforcement processes is easily accessible and comprehensible for the homeless community in order to increase compliance actions from the City and reduce repeated stress on the homeless community.



## Appendix A: City Contracts Related to Homeless Response as of February 2024

### List of City Contracts for Homeless and Shelter Services

Contractor Name	Project Name	Contract Number	Contract Term	Contract Amount
Arden Acres	City Motel Program	2023-1184	9/1/2023 to 6/30/2024	\$782,000
Paul & Sons, Inc (Northgate)	City Motel Program	2023-1180	9/1/2023 to 6/30/2024	\$1,750,000
Shree Enterprises, Inc (Greens)	City Motel Program	2023-1181	9/1/2023 to 6/30/2024	\$1,944,000
Siyaram Hotel (Gold Star Inn)	City Motel Program	2023-1183	9/1/2023 to 6/30/2024	\$872,000
Sky Riders	City Motel Program	2023-1182	9/1/2023 to 6/30/2024	\$902,000
Sacramento Steps Forward	Coordinated Access System	2022-0818-01	7/1/2023 to 6/30/2024	\$1,000,000
SHRA	Emergency Bridge Housing at the Grove	2023-0519	5/1/2023 to 6/30/2024	\$3,262,000
First Step Communities	First Step Communities (Safegrounds)	2023-0206	1/1/2023 to 6/30/2024	\$3,287,452
CRLA Foundation	FUEL Network Program	2023-1543	7/1/2022 to 6/30/2024	\$1,000,000
Saint John's Program for Real Change	FY24 Women & Family Shelter Program	2023-1417	9/1/2023 to 6/30/2024	\$1,003,328
WEAVE, Inc	FY24 Women & Family Shelter Program	2023-1408	9/1/2023 to 6/30/2024	\$478,804
SHRA	Meadowview Navigation Center	2023-0523	5/1/2023 to 6/30/2024	\$3,578,800
Shelter Inc.	North 5th Navigation	2023-1264	9/1/2023 to 8/31/2024	\$3,446,414
Step Up on Second Street	Rehousing Supports Program	2023-1289	10/1/2023 to 3/31/2024	\$167,838
Sonitrol of Sacramento	Respite Centers Program	2021-0689	6/24/2021 to 6/23/2024	\$32,000

Capitol Station District	River District Clean and Safe Program	2023-0791	7/1/2023 to 3/31/2024	\$249,475
Sacramento LGBT Community Center	Sacramento LGBT Community Center (STEP)	Scheduled to go to Council in February 2024	1/1/2024 to 12/31/2025	\$1,512,775
Sacramento LGBT Community Center	Sacramento LGBT Community Center (TLP)	Scheduled to go to Council in February 2024	1/1/2024 to 12/31/2025	\$161,226
Step Up on Second Street	Step Up on Second Street Outreach and Housing Coordination Program	2023-1185	9/1/2023 to 6/30/2024	\$1,437,832
Waking the Village	The Village Shelter	Scheduled to go to Council in February 2024	1/1/2024 to 12/31/2025	\$1,366,560
Wind Youth Services	Wind Youth Services/Common Ground HHAP-3	Scheduled to go to Council in February 2024	1/1/2024 to 12/31/2025	\$1,233,309
SHRA	X Street Navigation Center	2023-1262	10/1/2023 to 9/30/2024	\$4,628,284
<b>Grand Total</b>				<b>\$34,096,097</b>

**Source:** Auditor generated based on information provided by the Department of Community Response as of February 2024.

### List of City Contracts for Outreach and Cleanup Services

Contractor Name	Project Name	Contract Number(s)	Contract Term	Contract Amount
TLCS, Inc. dba Hope Cooperative	Capitol Park Outreach	2023-1070	7/26/2023 to 7/31/2025	\$832,160
Forensiclean	Forensiclean Disposal Services	2022-0665-02	12/5/2023 to 3/31/2025	\$720,000
Forensiclean	Forensiclean Expanded Cleanup Services	2023-0375	4/1/2023 to 3/31/2024	\$4,001,701
TLCS, Inc. dba Hope Cooperative	Outreach & MH Services	2022-0033-02	1/1/2024 to 12/31/2024	\$2,363,490
TLCS, Inc. dba Hope Cooperative	Outreach and Engagement Center Operations	2022-0026-02	1/1/2024 to 12/31/2024	\$3,726,466
Safe Choice Security	Safe Choice Security	2022-0191-03	8/31/2023 to 8/31/2024	\$2,250,403
<b>Grand Total</b>				<b>\$13,894,220</b>

**Source:** Auditor generated based on information provided by the Department of Community Response as of February 2024.

# City's Homeless Response: Audit Scope Proposal

Report# 2023/24-11 | March 2024

Proposed Project 1: Citywide and Systemwide Strategy and Coordination

Proposed Project 2: Review of Homeless Service Contracts



*City of*  
**SACRAMENTO**  
Office of the City Auditor

*Performance Audit Division*

Farishta Ahrary, Interim City Auditor  
Kevin Christensen, Principal Fiscal Policy Analyst  
Joyce Chih, Senior Fiscal Policy Analyst  
Chevelle Jackson, Fiscal Policy Analyst



### Our Mission

*To provide a catalyst for improvements of municipal operations and promote a credible, efficient, effective, equitable, fair, focused, transparent, and fully accountable City government.*

### Our Vision

*To improve City services by providing independent, objective, and reliable information regarding the City's ability to meet its goals and objectives and establish an adequate system of internal controls, root out improper governmental activities (i.e., fraud, waste, or abuse), and address racial, gender, and ethnic inequities.*

### Suggest an Audit

The Office of the City Auditor conducts performance audits of the City of Sacramento's operations to determine whether these operations and programs are operating efficiently and effectively. If you would like to offer ideas for audits to save the City money, increase revenues, or improve the efficiency and effectiveness of City operations and programs, please fill out our online form:

[https://forms.cityofsacramento.org/f/Suggest\\_an\\_Audit\\_Form](https://forms.cityofsacramento.org/f/Suggest_an_Audit_Form)

### Whistleblower Hotline

In the interest of public accountability and being responsible stewards of public funds, the City has established a whistleblower hotline. The hotline protects the anonymity of those leaving tips to the extent permitted by law. The service is available 24 hours a day, 7 days week, 365 days per year. Through this service, all phone calls and emails will be received anonymously by third party staff.

Report online at <http://www.cityofsacramento.ethicspoint.com> or call toll-free: 888-245-8859.

The City of Sacramento's Office of the City Auditor can be contacted by phone at 916-808-1166 or at the address below:

915 I Street  
MC09100  
Historic City Hall, Floor 2  
Sacramento, CA 95814

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## Introduction

In accordance with the City Auditor's 2023/24 Work Plan, we presented the *Preliminary Report on the City's Homeless Response* (preliminary report)<sup>1</sup> to the Budget and Audit Committee on February 27, 2024<sup>2</sup>. As stated in the preliminary report, which is part of our audit planning process for a performance audit in accordance with Generally Accepted Government Auditing Standards, we consider the potential scope of an audit of the City of Sacramento's (City's) homeless response to be wide-ranging and were seeking further direction on our audit objectives.

In response to the direction provided and the motion passed by the Budget and Audit Committee<sup>3</sup>, we present the following work plan for two proposed homeless response audit projects.

These audits will be performed in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

## Work Plan and Schedule

The following work plan outlines two proposed audit projects in the prospective order of performance. Each audit project is organized into objectives, which include various sub-objectives and a description of the overall approach to accomplishing the audit objective.

### Project 1: Citywide and Systemwide Strategy and Coordination

The City's coexisting missions of reducing impact to the community and providing services to the homeless population are reflected in its broad range of homeless response efforts. This project will evaluate whether the set-up of the City's homeless data system as well as the data currently collected and reported across the homeless system serve to meet the objectives for achieving each of these respective missions and determine whether there are gaps in interdepartmental or interagency

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<sup>1</sup> This report is available on our website at: <https://www.cityofsacramento.gov/content/dam/portal/auditor/Audit-Reports/City%20Auditors%20Preliminary%20Report%20on%20the%20City%20Homeless%20Response.pdf>.

<sup>2</sup> The staff report attached to the February 27, 2024 Budget and Audit Committee agenda for this preliminary report is available at: [https://sacramento.granicus.com/MetaViewer.php?view\\_id=38&clip\\_id=5832&meta\\_id=767788](https://sacramento.granicus.com/MetaViewer.php?view_id=38&clip_id=5832&meta_id=767788).

<sup>3</sup> A recording of the February 27, 2024 Budget and Audit Committee meeting is available at: [https://sacramento.granicus.com/player/clip/5832?view\\_id=38&redirect=true](https://sacramento.granicus.com/player/clip/5832?view_id=38&redirect=true); the draft minutes for the February 27, 2024 Budget and Audit Committee meeting is available at: [https://docs.google.com/gview?url=https%3A%2F%2Fsacramento.granicus.com%2FDocumentViewer.php%3Ffile%3Dsacramento\\_b59c0694bd8ca247a3955b0937ddaafd.pdf%26view%3D1&embedded=true](https://docs.google.com/gview?url=https%3A%2F%2Fsacramento.granicus.com%2FDocumentViewer.php%3Ffile%3Dsacramento_b59c0694bd8ca247a3955b0937ddaafd.pdf%26view%3D1&embedded=true).

coordination that create barriers to ensuring clean and clear streets while also supporting successful exits from homelessness for persons experiencing homelessness (PEH).

### **Objective 1: Evaluate Whether Existing Homeless Response Data Serves the City in Reducing Impact to the Community**

This objective is designed to evaluate data associated with the City's Incident Management Team and homeless response protocol for usefulness, determine the effectiveness and efficiency of resource deployment, and assess interdepartmental coordination in reducing impact to the community.

#### *Sub-Objectives*

- Identify available data and metrics associated with the City's Incident Management Team and homeless response protocol;
- Determine whether City data is aggregated to ensure complete and accurate metrics related to homeless response activities;
- Evaluate if and how the data meets the City's response goals;
- Evaluate if and how the data facilitates interdepartmental organization and resource deployment;
- Determine how case outcomes and associated data are communicated and reported to the public; and
- Determine if data for contracted outreach or cleanup staff in the City's system can be corroborated with invoices or other relevant documents.

#### *Audit Approach*

To address this objective and the above sub-objectives, we will export, review, and analyze data from Salesforce and other relevant City information management systems for response times and response outcomes; interview City staff to identify the City's response goals and which metrics serve to fulfill these goals; document the process for using data to plan and implement an interdepartmental response; observe the process for scheduling and deploying interdepartmental City staff to address submitted cases; conduct ride-alongs with staff to understand and observe their roles and responsibilities both in the field and in entering response actions into the respective data systems; analyze allocation of staff resources to respond to calls; review internal and public-facing case resolution notes and data reports; acquire invoices for contracted outreach or cleanup staff that use Salesforce; and compile invoice numbers and cross-reference with Salesforce data.

### **Objective 2: Evaluate Gaps in Achieving an Outcomes-Based Homeless Data System and Identify Systemic Roadblocks to Providing Homeless Services**

This objective is designed to evaluate gaps in achieving a transparent outcome-based data reporting system around homelessness and identify systemic roadblocks to moving PEH from temporary shelters to more permanent solutions as it relates to City programs.



### *Sub-Objectives*

- Identify what City data is collected and when, where, and how the data is collected and tracked throughout the homeless system;
- Determine the usefulness of existing City metrics in demonstrating the service provided to PEH and in informing better service delivery:
  - Determine how and if success is measured for City programs at each relevant level in the homeless system, including how positive or negative individual outcomes are tracked and defined;
  - Determine whether existing data can demonstrate when and why positive or negative individual outcomes occur;
  - Identify whether available data is analyzed to determine barriers to service acceptance;
- Evaluate whether there is continuity or connectivity in the data collected across all programs and all levels of the homeless system as it relates to the performance and effectiveness of City programs in order to identify systemic bottlenecks;
- Determine whether the City systematically monitors and reviews data related to its own homeless service programs to ensure data integrity and to analyze program performance;
- Determine how existing City program data is being reported to stakeholders; and
- Evaluate the City’s motel shelter program for effectiveness and appropriateness in helping program participants achieve temporary sheltering and in facilitating overall positive outcomes.

### *Audit Approach*

To address this objective and the above sub-objectives, we will collaborate with the Department of Community Response and external partners to acquire data from data systems including but not limited to the Homeless Management Information System and Salesforce; review best practices for data usefulness and metrics; conduct a benchmark study by researching homeless data management, monitoring, and assessment practices in other jurisdictions; categorize and assess existing data and metrics for relevance to goals and to other data points in the system; assess flow path of data for data completeness and accessibility of programs; analyze existing data for programmatic and systems-level performance; interview staff regarding the process for monitoring program performance; obtain and assess published data reports; obtain and review contracts and data for the City’s motel shelter program; and attend walkthroughs and conduct interviews with motel shelter operators to observe program implementation and identify program barriers, such as transportation to the site location, allowing of pets, and document requirements.

## **Project 2: Review of Homeless Service Contracts**

The City has entered into numerous contracts with several organizations to assist in the deployment of services to the PEH population. This project will evaluate whether a sample of City contracts with homeless services providers are designed consistently and administered efficiently and effectively.

### **Objective: Determine the Efficiency and Effectiveness of Administering Homeless Service Contracts**

This objective is designed to determine whether the City is effectively and efficiently administering contracts for the operation of the various homeless response, homeless assistance, and shelter-related services.

#### *Sub-Objectives*

- Conduct a preliminary review of contracts with agencies that provide homeless-related services;
- Create a risk assessment and determine a scoring system that will be used to select a sample of contracts to audit;
- Select and evaluate three to five contracts for inconsistencies, comprehensiveness of contract language such as the right to audit clause, or other issues;
- Determine whether the City's requests for proposal process for homeless-related contracts aligns with City policy and adequately captures the scope of services that the City is seeking;
- Determine accuracy of invoice payments to identify any over or underpayment;
- Test for agencies' compliance and performance with City contract provisions;
- Evaluate the appropriateness of the City's process for issuing contract addendums, amendments and revisions;
- Evaluate contract performance measures and metrics for usefulness and alignment with City goals;
- Evaluate report submissions to City such as invoices and other relevant deliverables for accuracy, relevance, and completeness; and
- Determine the sufficiency of the contract oversight and monitoring process.

#### *Audit Approach*

To address this objective and the above sub-objectives, we will compile City contracts with agencies that provide homeless-related services and identify risk factors for scoring; select and review the language in a sample of these contracts; identify the City's right to audit clause in each contract; review the City's request for proposal process and documents for these contracts; assess the City's process for issuing contract addendums, amendments and revisions; obtain and review documents and reports that contain the various contract performance goals and metrics; compare contract scopes and outcomes to the City's goals; interview City staff on the contract oversight and monitoring process and document relevant procedures; and conduct interviews and potential walkthroughs with agencies.