

File ID: 2026-00731

4/14/2026

[Contract Supplement] City Motel Shelter Program Support Services with Step Up on Second Street, Inc.

File ID: 2026-00731

Location: Citywide

Recommendation: Pass a **Motion** authorizing the City Manager or designee to execute Supplemental Agreement No. 5 to City Agreement No. 2023-1185 with Step Up on Second Street, Inc. for an amount not-to-exceed \$482,338, for a total not-to-exceed amount of \$4,230,437.

Contact: Brian Pedro, Director, (916) 808-7816, bpedro1@cityofsacramento.org; Rodolfo Davidson, Program Manager, (916) 808-3703, rdavidson@cityofsacramento.org; Department of Community Response

Attachments:

1-Description/Analysis

2-Step Up on Second Street Supplement Agreement

Description/Analysis

Issue Detail: Homelessness is an issue that impacts communities without regard to geographic or political boundaries and for which there is no single answer or approach. Shelters play a significant role in addressing homelessness and as such it is necessary to create a systemic approach to addressing homelessness, which includes low-to-no-barrier crisis shelters. The City of Sacramento recognizes the important role that such shelters play in helping move people out of homelessness and into permanent housing.

The 2024 Sacramento PIT count reported 96.7% of families experiencing homelessness were sheltered, up from 68% in 2022 and 48% in 2019. The increased percentage of sheltered families experiencing homelessness is largely attributed to the work of the City Motel Shelter Program and its ability to assist families with shelter and support services. This program is unique as the only City-run family shelter program that implements a zero-barrier approach, ensuring equitable access to housing and services without any preconditions.

Since the City Motel Shelter Program's inception in December 2020, the City has partnered with various non-profit organizations, including Hope Cooperative, City of Refuge, and Step Up on

Second Street, to operate and provide support services to families in the program. Since December 2020, the City Motel Shelter Program has served 4,340 family members, including 2,135 children, experiencing homelessness. Of the 3,735 family members that have exited the City Motel Shelter Program, 1,432 have exited to positive destinations, including 1,131 that moved into permanent housing.

In June 2023, City staff released a Request for Proposals (RFP) for City Motel Program Support Services and received one response from Step Up on Second Street.

On September 1, 2023, the City contracted (City Contract No.C2023-1185) with Step Up on Second Street to operate the City Motel Program and provide support services to the families in the program. These services include case management, housing coordination and navigation, program referrals, move-in to housing support, and ongoing support for up to one year to ensure that families maintain housing after leaving the program.

On June 26, 2024, the City Council passed a motion to continue providing support services to families in the City Motel Program by authorizing a supplemental agreement with Step Up on Second Street through February 28, 2025 (City Contract No.C2023-1185-01).

On February 25, 2025, the City Council passed a motion to continue providing support services to families in the City Motel Program by authorizing a supplemental agreement with Step Up on Second Street through February 28, 2026 (City Contract No.C2023-1185-02).

The City recently executed a contract amendment on February 20, 2026 (Contract No.C2023-1185-04), extending the City's agreement with Step Up on Second Street to continue providing outreach services for the City Motel Shelter Program for an additional three months through May 31, 2026. However, no additional funding was added to the agreement. City staff is recommending adding these additional funds to support the wind-down operations of this program as it transitions to a voucher-based model. The new program, entitled the Emergency Shelter Voucher program (ESV), is based on input received from the City's audit of the City Motel Program. It is scheduled to open on June 1, 2026, and will maintain the capacity of 200 units. All current City Motel Shelter Program participants will be transferred into the new ESV program when the City Motel Shelter Program closes.

Policy Considerations: Pursuant to Sacramento City Code section 3.56.090, any agreement for non-professional services that is for \$250,000 or more, requires City Council approval.

None.

Environmental Considerations: This report concerns administrative activities that will not have a significant effect on the environment and does not constitute a "project" as defined by the CEQA Guidelines [CEQA Sections 15061(b)(3) and 15378(b)(2)].

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: Not applicable.

Financial Considerations: There is sufficient funding available (Measure U Fund, Fund 2401) in the Community Response MYOP (I23000100) to execute a supplemental agreement with Step Up on Second Street in an amount not-to-exceed \$482,338, for a total not-to-exceed amount of \$4,230,437.

Local Business Enterprise (LBE): All businesses and non-profit organizations that the Department of Community Response is partnering with are LBEs in the City of Sacramento.

..End

Contract Routing Sheet

Payment / Performance Bond Only

General Routing Information

Department: City Manager
 Contract Coordinator: Jamey Lee Email: jlee1@cityofsacramento.org
 Effective Date: 04/14/2026 Expiration Date: 05/31/2026
 Grant/Project Name: Step Up Support Services
 Other Party: Step Up on Second Street
 Original Not to Exceed Amount: \$ 1,437,832.00
 Assessor's Parcel Number(s): _____
 Project Number: I23000147 Bid/RFQ/RFP#: _____

Supplements/Addendums/Change Orders

Adjusted Amount of this Change (+/-): \$ 482,338.00 New Not to Exceed Amount: \$ 4,230,437.00
 Change In Scope: No
 Original Contract Number: 2023-1185 Supplement Number: 05

Council Approval

Original Meeting Date: 09/05/2023 Council File ID: 2023-01088
 Supplement Meeting Date: 04/14/2026 Council File ID: 2026-00731

Processing Information

- Clerk's Office to Mail for Recording
- Return to Dept for Other Party Signature
- Real Estate
- Return to Dept for Recording
- Construction Related
- Additional Originals Attached – Return to Dept.

Add notes/instructions, including any other contract or council file ID numbers related to this agreement:

Signing Authority - Department Directors up to \$100K; \$100K -\$250K City Manager or Assistant City Manager; \$250K+ Council Approval & Council Appointee or designee.

Department Review and Routing

AB 339 Review Confirmation (if needed)

Sign Rodolfo Davidson Division Manager

Sign  Support Services Manager

Sign _____

Sign _____

Sign _____

CONTRACT #: 2023-1185-05
CONTRACT NAME: Step Up Support Services
AGREEMENT TERM: Expires 5/31/26
AUTHORIZED RENEWALS: N/A
DEPARTMENT/DIVISION: Department of Community Response

PROJECT: I23000147
NOT-TO-EXCEED AMOUNT: \$4,230,437.00
SOLICITATION: N/A
LBE (Y/N): N
COUNCIL FILE ID: 2026-00731

CITY OF SACRAMENTO

**CONTRACT AMENDMENT
CHANGE IN NOT-TO-EXCEED AMOUNT**

The City of Sacramento ("City") and Step Up on Second Street ("Contractor"), as parties to that certain contract designated as Contract Number 2023-1185, including any and all prior amendments modifying the contract (the contract and all amendments are hereafter collectively referred to as the "Contract"), hereby amend the Contract as follows:

1. As of April 14, 2026, the revised Budget attached hereto as Attachment 6 to Exhibit B supersedes Attachment 5 to Exhibit B.
2. The maximum not-to-exceed amount that is specified in the Contract for payment of Contractor's fees and expenses is **increased** by \$482,338.00, and the Contract's maximum not-to-exceed amount is amended as follows:

Contract's original not-to-exceed amount:	\$1,437,832.00
Net change by previous amendments:	\$2,310,267.00
Not-to-exceed amount prior to this amendment:	\$3,748,099.00
Increase by this amendment:	\$482,338.00
New not-to exceed amount including all amendments:	\$4,230,437.00

3. Contractor warrants and represents that the person or persons executing this contract amendment on behalf of Contractor is duly authorized by Contractor to sign this amendment and bind Contractor to the terms hereof.
4. Except as specifically revised herein, all terms and conditions of the Contract shall remain in full force and effect, and Contractor shall perform as required under the Contract, as modified by this amendment.

[SIGNATURES ON FOLLOWING PAGE]

**Attachment 6 Exhibit B: Budget
Step Up on Second**

COMPONENT	CURRENT BUDGET	Proposed Adjusted Budget	NEW BUDGET
STAFFING			
Direct Management Oversight (VP 0.10 FTE, Sr. Director 0.55 FTE, Director 1 FTE, Assist. Program Manager 1 FTE, Program Manager 1 FTE)	487,813.04	97,886.26	585,699.30
10.0 FTE Service Coordinator I - Generalist	1,131,271.65	185,835.71	1,317,107.36
2.0 FTE Service Coordinator I - Housing Specialist	199,200.20	23,757.81	222,958.01
2.0 FTE Service Coordinator I - Care Coordinator	172,538.07	(11,328.90)	161,209.17
Benefits	454,809.22	71,828.49	526,637.71
SUBTOTAL	2,445,632.18	367,979.37	2,813,611.55
OPERATIONS			
Supplies/Equipment	12,200.00		12,200.00
Telephone and Communication	17,000.00		17,000.00
Postage/Shipping	1,150.00		1,150.00
Travel/ Transportation	30,200.00	6,607.53	36,807.53
Insurance - General	250.00		250.00
Insurance - Umbrella	50.00		50.00
Staff Training and Development (Recruiting, Background)	12,800.00		12,800.00
Staff Training and Development (Clinical Development)	5,000.00		5,000.00
Occupancy- corp rent	84,100.00	33,185.55	117,285.55
Occupancy- Utilities (water)	602.00		602.00
Professional Contracted Services (Zaptech/Xobee- IT & Weilligent-electronic health record system)	11,996.00	5,732.25	17,728.25
Facility Maintenance	691.94		691.94
Office Supplies	11,605.00		11,605.00
Technology	12,200.00		12,200.00
SUBTOTAL	199,844.94	45,525.33	245,370.27
CLIENT SERVICES COSTS			
Rental Assistance - Landlord Rents	340,000.00		340,000.00
Bus Pass, Uber, Transportation	11,500.00		11,500.00
Move in Kit, Furniture, Household goods	425,736.88		425,736.88
Client General Costs	13,400.00		13,400.00
SUBTOTAL	790,636.88	-	790,636.88
In-direct Costs (not to exceed 10%)	311,985.00	68,833.30	380,818.30
TOTAL PROGRAM COSTS	3,748,099.00	482,338.00	4,230,437.00

SUPPLEMENTAL CONTRACT

Approval Recommended By:

Brian Pedro, Director, DCR City of Sacramento


Approved By:

Tod Lipka, CEO

Approved By:

Ryan Moore, Assistant City Manager
City of Sacramento

Approved As To Form By:



[Arvinder Kaur \(Apr 7, 2026 18:27:19 PDT\)](#)
Deputy City Attorney

Attest:

City Clerk