

THE CITY COUNCIL IS RESPONSIBLE TO PROTECT THE CITY, NOT SUPPORT SVdP

OVERVIEW

The decision to move ahead with Gravenstein Commons has been made. Three members of the prior Council decided with little analysis but “love in their heart” to do something for the homeless in Sebastopol. Council members Hinton and Mauer who voted for the project remain on the current council.

Maybe their vote was influenced by the promises Mr. Tibbits made to address the city’s financial risks by establishing two contingency funds and to house some number of Sebastopol’s homeless population. There is no mention here of housing Sebastopol’s homeless. All of us have learned that the promise to house Sebastopol’s homeless was an empty one. We are at the mercy of the County Coordinated Entry Program rules.

Certainly, the supporters on the city council expected the contingency funds specified in the agreement presented in 2024 to be fully funded before construction began. There is nothing in the staff report or Q&A to suggest the funds are all there.

The Q&A presented at this meeting is full of the same vagaries and promises you heard a year ago.

- The risks to the project and the city are the same or greater.
- Construction costs exceed last year’s estimates as predicted.
- Even though the city has approved groundbreaking and is planning a celebration next week, the costs of construction are not yet funded.

There are theories about where the first vouchers are coming from even though the County is two months into their fiscal year and undoubtedly has a plan for the vouchers they expect to receive and disperse this year. If that county plan does not include Gravenstein Commons, then someone has dropped the ball.

When this project is complete Sebastopol will again be importing “high acuity” individuals with mental illness, drug and alcohol issues from other cities to Sebastopol. City citizens, police, city staff and emergency personnel will have to deal with the problems.

The homeless on the streets of Sebastopol will continue to live on the streets of Sebastopol and come freely into the city from West County. This project, with all its risks and costs, is not going to address our current problems. This is going to increase the cost of dealing with homelessness in the Sebastopol city budget.

Below are the numbers presented in the June 2024 meeting documents and how they have changed in the past year. The construction currently breaking ground is underfunded by

\$629,000. The county's commitment to \$3 million was withdrawn. The contingency amounts for cost overruns on the project and operations are unfunded. Some costs may not have been included in the construction estimate. A true detailed estimate has not been provided.

	CONSTRUCTION COSTS				
		M. Krug Estimate*	SVdP estimates		
	25-Aug		25-Jun	Change	
Construction costs Estimates**	\$ 7,100,000	\$10,000,000	\$ 6,038,000	18%	
Construction cost contingency	\$ -		\$671,000		
	PLANNED FUNDING				
HCD Homekey Grant	\$ 6,471,000	\$6,449,235	\$6,449,235		
County Contribution ***	0		\$3,000,000		
SVdP fund raising****	0		\$350,000		
Construction (surplus/(shortfall))	\$ (629,000)	(\$3,550,765)	\$ 4,432,235		
	FUNDS IN JOINT ACCOUNT TO PROTECT SEBASTOPOL CITY				
Constuction overrun contingency*****	\$ -		\$ 644,924.00		
Operating fund contingency*****	\$ -		\$ 671,000.00		
* Mark Krug Consulatnat report 6/2024					
** SVdP construction estimate including contingenies					
*** Personal promise from T. Rivera					
**** Still discussed as an option, no money in the bank account					
*****Construction overrun contingency not discussed at the current meeting - appears to be allocated already to unfunded construction costs					
**** Per June 2024 ageement to be placed "immediately" into a joint account for security - nothing in staff report regarding status					

PROTECTING THE CITY

The city council's primary responsibility is to safeguard Sebastopol's financial stability and public safety. The table below highlights several risks to these interests associated with this project. These risks need to be dealt with.

Risk Factor	Description
Construction Cost Overruns	Original estimates were \$6 million; current contractor estimate is \$7.1 million (20% over). Unfunded cost overruns were to be addressed by SVdP placing \$644,924 in a capital reserve to protect the city from cost overruns. This money is not mentioned in the Q&A.
Funding Allocation	Full \$6.5 million grant allocated to construction, leaving operational funding uncertain. The grant was to provide \$670,000 for operational reserves to assist with startup operating issues. This money is now apparently being used to fund the construction shortfall.

Risk Factor	Description
Operational Risks	Increased risks to HUD voucher funding since 2024 due to federal funding cuts and policy changes affecting housing vouchers. Voucher amounts are expected to decrease by approximately 45%.
Lack of County Support	The letter from Tina Rivera in 2024 promising \$3 million from the county has not materialized, possibly due to Supervisor opposition or lack of support. SVdP is threatening to sue.
Staff Expertise and Resources	Loss of city manager and planning staff with expertise in HCD requirements and the county's homeless policies and funding increases risk; the role and independence of consultants paid for by SVdP is unclear as we have received no reports.
Increased Demand for City Services	Elderberry Commons already demands significant police resources; Gravenstein Commons expected to double this demand. While Mr. Tibbits has promised it will be temporary as tenants adjust, the Santa Rosa police report no decrease in police calls since the first month the SVdP PSH opened there.
Budget demands will increase due to this project	Sebastopol's current budget is only balanced by one-time developer fees and misappropriated funds from water rate payers. This will not last forever, and increased police funding will be required.
Project not likely to reduce homelessness in Sebastopol	In June 2024, Mr. Tibbits promised up to eight units for current Sebastopol homeless. He explained that the Sonoma County Homeless Coalition, formerly known as the Continuum of Care or CoC, had amended its policies regarding placement of high-need individuals in permanent supportive housing locations such as the intended use of Gravenstein Commons. He said: "These changes increased the likelihood that more of the 22 units will be available to those experiencing homelessness in Sebastopol than under the prior system". We recently heard from the Nolan Sullivan that it would be against COE protocols to

Risk Factor**Description**

put Sebastopol homeless in Elderberry. Although it is very important for Sebastopol to prioritize current Sebastopol homelessness, it is not mentioned in the Q&A. Has this story changed?

MORE GOOD SOUNDING EXPLANATIONS – But we know better from the Elderberry experience**Security**

Security during evening hours. Except we know that if the security guard is afraid to stop drug dealers from entering the facility, then security is pretty useless. Police are probably called.

Experienced Managers

Experienced management is probably a good thing. Management does have to evict problem people. However, as outlined in the Q&A, SVdP believes in “mercy and second chances”. This is the humane way to operate but as we have learned at Elderberry it means progress is slow to address issues. Police are called.

Qualified Case Managers

Not stated is that the COE criteria result in “high acuity” individuals with many issues that are difficult or impossible to deal with in the setting of PSH. These individuals need intense medical and psychological treatment not available from typical case managers. This is not my assessment, read Mr. Tibbets interview in the Sebastopol Times. He didn’t sugar coat the situation there. To manage problem residents or guests, police are called.

Guidelines for Guests

Guidelines and limitations for guests visiting the property are great. Of course, the local drug dealer does not carry a sign saying, “drug dealer”. Drug Dealers can also be very persuasive and evade a security guard. This is not imaginary, it is happening now in a very public way with Elderberry, and you can multiply 2 times when Gravenstein Commons opens. Police are called.

SUMMARY

So far, the project is on the worst-case path. Construction costs are 20% over initial estimates. Sebastopol’s experts expected it to go even higher. It is likely not all costs are even included.

The staff report and Q&A do not document the required contingency funds are established in banks with visibility to the city as required by the 2024 agreement. These funds were intended to protect Sebastopol financially.

If the full amount of the construction cost is estimate and the required contingency funds are not in the bank, then construction should be halted immediately by the city council until all terms of the agreements presented in 2024 are met.