



CITY OF

NEWPORT BEACH

City Council Staff Report

December 9, 2025
Agenda Item No. 12

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: Amendment No. Two to Memorandum of Understanding Between
the Cities of Costa Mesa and Newport Beach for the Costa Mesa
Bridge Shelter

ABSTRACT:

The Cities of Costa Mesa and Newport Beach entered into a Memorandum of Understanding (MOU) in December 2020 to share the cost of developing and operating the Costa Mesa Bridge Shelter (Bridge Shelter). The MOU was amended in June 2023 to provide for more beds for each city's use. With the term of the MOU set to expire on December 15, 2025, representatives of each city met to discuss and negotiate the terms of a second amendment. If approved, Amendment No. Two would extend the term of the MOU to June 30, 2026, reduce the number of beds allocated to Newport Beach's exclusive use from 25 to 20, continue the provision that allows Newport Beach to use up to five of Costa Mesa's allocated beds at a daily rate of \$163 per bed when beds are available, and increase the annual cost for each of the 20 allocated beds to \$59,494.

RECOMMENDATIONS:

- a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and
- b) Authorize the Mayor and City Clerk to execute Amendment No. Two to the Memorandum of Understanding Between the City of Costa Mesa and the City of Newport Beach for the Costa Mesa Bridge Shelter.

DISCUSSION:

Background

On December 15, 2020, the Cities of Costa Mesa and Newport Beach entered into an MOU to share some of the costs of developing and operating the 72-bed Costa Mesa Bridge Shelter. The MOU (Attachment C) provided the City of Newport Beach exclusive use of 20 beds at a cost of \$50,000 per bed per year, subject to annual Consumer Price Index (CPI) increases. In June 2023, the Costa Mesa City Council approved the Bridge

Shelter Capacity Project which added 15 beds to the facility. That same month, both cities agreed to amend the MOU to allocate 11 of the new beds to Costa Mesa and five additional beds to Newport Beach. Further, under the amendment, up to five of Costa Mesa's allocated beds would be available for optional use by Newport Beach for a daily fee, once Costa Mesa had exhausted its waiting list of interested parties. Newport Beach agreed to pay \$55,000 per bed per year for each of its five allocated new beds and a fee of \$155 per bed per day when and if it used any of Costa Mesa's beds (both fees were also subject to annual Consumer Price Index increases). Thus, Amendment No. One to the MOU (Attachment B) guaranteed Newport Beach access to 25 beds at the Bridge Shelter and the ability to utilize up to five additional beds, when available.

Proposed Amendment No. Two

In the nearly 2 1/2 years since the two cities agreed to amend the MOU and allocate additional beds, Newport Beach has had a significant reduction – of more than 80 percent – in the community's homeless population. Staff attributes this to the passage of Ordinance 2024-19 in August 2024, which updated the Newport Beach Municipal Code and had the desired effect of getting service-resistant individuals that were experiencing homelessness to agree to accept services and begin the process of being housed. Further, in late 2024, the Newport Beach Police Department changed its outreach staffing model from one homeless liaison officer (HLO) to a "quality of life" team that includes four HLOs. The specially trained HLOs conduct outreach, provide shelter referrals, and coordinate case management with the City's social services provider. Further, in July 2024, the City of Costa Mesa assumed responsibility for the housing navigation service provided at the Bridge Shelter. This resulted in more focused attention being paid to shelter guests' housing plans and individuals being housed or reunified with family more quickly.

Consequently, Newport Beach has not used all 25 of its allocated Bridge Shelter beds at any time this calendar year. The City's daily occupied bed count is usually in the range of 15-18. Thus, when it came time to discuss extending the MOU with Costa Mesa, Newport Beach staff communicated the City's desire to reduce its number of allocated beds and extend the MOU for one year, rather than five years, to allow the City time to see if the occupied bed count would remain steady or further decrease. Newport Beach also asked for the price per bed to remain at the lower rate.

Costa Mesa agreed with some, but not all of Newport Beach's requested terms. The proposed terms for Amendment No. Two (Attachment A) are as follows.

1. The initial term will commence with the execution of the amendment and expire on June 30, 2026.
 - a. During the initial term, Newport Beach will have exclusive use of 20 shelter beds at an annual operational cost per bed of \$59,494.
 - b. Also during the initial term, Newport Beach will have the ability to use up to five of Costa Mesa's beds, when beds are available, for a daily use fee of \$163 per bed.

2. The secondary term will commence on July 1, 2026, and expire on December 31, 2026. During this term, Newport Beach will no longer have exclusive use of 20 beds, but will have continued access to Costa Mesa's beds, when available, at a daily per-bed cost to be determined once Costa Mesa has executed Shelter and Kitchen Operator agreements.

Staff has initiated conversations about obtaining shelter beds from other cities in the Central Service Planning Area and will return to the City Council when more information is available.

The Costa Mesa City Council voted to approve Amendment No. 2 at the December 2, 2025, meeting with two modifications;

- 1) Section 4.7 was amended to provide that Newport Beach pay the \$163/day cost for use of additional beds. This revision is not a substantive change; rather, it merely reiterates the language provided in Section 1.b above.
- 2) Section 4.9 was amended to require Newport Beach to be responsible for housing or relocating Newport Beach residents who are at the Shelter as of the expiration of the agreement.

FISCAL IMPACT:

The adopted budget includes sufficient funding to cover the costs associated with the amended MOU. Costs be expensed to the Contract Services – Other Agency Fees account in the City Manager's Office, #0102041-841060.

ENVIRONMENTAL REVIEW:

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

NOTICING:

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

ATTACHMENTS:

Attachment A – Proposed Amendment No. Two
Attachment B – Amendment No. One
Attachment C – Memorandum of Understanding