

April 3, 2016

The Honorable Mayor Helene Schneider and  
Santa Barbara City Council Members  
City of Santa Barbara  
P.O. Box 1990  
Santa Barbara, CA 93102-1990

**CC:** George Buell, Community Development Director  
Paul Casey, City Administrator/Clerk/Treasurer  
Sue Gray, Community Development Business Manager

**RE:** \$125,000 from City of Santa Barbara General Fund to support PATH in the operation of the year round shelter, formerly Casa Esperanza

Dear Mayor Schneider and Council Members:

Thank you for your long-term support of Casa Esperanza Homeless Center – we are grateful that your support has transitioned to PATH since the merger was completed last July.

**We respectfully request \$125,000 from the City of Santa Barbara General Fund to support PATH Santa Barbara** and its life-changing operations that assist our Santa Barbara homeless neighbors to address their barriers, improve their health, secure employment, and ultimately, make it home into permanent housing. We are thankful for discretionary/general funding last year, and are hopeful that it can continue into the 2016/17 Fiscal Year -- as it is imperative to meet our budget needs.

As you are aware, a critical part of our merger with Casa Esperanza was that the operations in Santa Barbara must remain self-funding. However, in the first 7 months of operating the program, PATH has subsidized Casa with \$118,000 of general operating funding not secured in Santa Barbara, due to projected revenues coming in lower than anticipated. Also, through our assessment since assuming day-to-day operations in July 2015, we have identified numerous critical needs that will require both capital and operating funding, which must be addressed to ensure that the program can run safely and effectively. The key needs are as follows:

- **Staffing:** In attempting to balance the budget over the past several years, Casa Esperanza reduced both operational and case management staffing to levels that PATH does not believe are viable to run a program that meets the needs of the most vulnerable members of our community, and actually help them exit into permanent housing (as opposed to cycling in and out of the shelter indefinitely). For the next fiscal year, we intend to add at least one case management position (\$43,750 including benefits), and have already added several part-time and on call positions to ensure that there are at least 2 staff on each shift to monitor and provide services to the residents (\$66,352 total annually). Over the long term, we would like to add several more case management positions as well.
- **Security:** PATH believes that 24/7 professional security services are an absolute necessity at an interim housing site of the size and population such as the Santa Barbara facility. We are retaining a firm that provides such services; it will cost approximately \$175,000 per year, which was previously

not budgeted. This is an expense that we believe is an absolute necessity to ensure the safety of our staff, residents, and neighbors.

- **Professional Cleaning:** Casa Esperanza previously relied on residents to provide daily cleaning of the facility. While PATH believes that chores can help provide residents with meaningful roles and accountability, we do not believe that this is sufficient to maintain the facility, particularly with the high number of medically frail, mobility impaired, or otherwise vulnerable residents who are unable to perform chores. For next year's budget, we have added a full-time Facilities Specialist position (\$38,125 including benefits).
- **Critical Facility Needs:** PATH retained an outside firm to conduct a Physical Needs Assessment (PNA) for the Santa Barbara facility. They estimated that, over the next two years, we need to plan for \$99,518 in capital expenses for the building. Additionally, we identified the following major needs for inside the facility:
  - o Major Appliance Replacements. This includes commercial washers and dryers. Also includes replacing the gas boiler.
  - o General Facility Maintenance. Miscellaneous repairs and maintenance to bathrooms, staff offices, roofing, plumbing, and the residential space.
  - o Kitchen Needs. Replace outdated or broken kitchen equipment and deal with plumbing issues.
  - o Create Additional Office Space. Convert the former family rooms to offices; needed as we continue to add case management staff.
  - o Resident beds. Replace wooden bunk beds that can be susceptible to bed bugs.
  - o Safety and Security. This includes upgrading the surveillance system, updating the fire panel system, and installing fire pipe bracing.
  - o Computers and Technology. Staff are primarily working on old, donated computers that need to be replaced.

All told, these expenses, plus those identified through the PNA, will cost **\$281,468** over the next few years.

- **Winter Shelter Operations:** When the number of residents doubles to 200 individuals on any given night, the staffing ratio also needs to increase. PATH has safety concerns, and does not believe we can continue to operate the Winter Shelter Program at the same staff/client ratio without additional funding to increase staffing. Appropriate staffing levels would cost an additional \$86,048 for the four months of Winter Shelter. Additionally, we have calculated a monthly increase of \$10,000 in operating expenses (supplies, food, utilities, etc.), for a total of \$40,000. Therefore, the cost of operating Winter Shelter is **\$126,048**. With all of the other needed investments and lack of sufficient revenues, we are concerned about our ongoing ability to operate the Winter Shelter component at the current funding level.

PATH will continue to aggressively fundraise to meet these needs. As Casa Esperanza described in last year's General Fund request, PATH has continued with two primary strategies of increasing revenue for the organization: private fundraising and seeking mechanisms for increased cost reimbursements from public funders.

Private fundraising from Santa Barbara has come in lower than was projected in the Fiscal Year 15-16 budget developed by Casa Esperanza prior to the merger. In response, we have restructured our Development Department to appoint our Senior Development Director to lead all fundraising activities in Santa Barbara, and thus anticipate that private revenue will increase in the future. Nonetheless, PATH is a new name in Santa Barbara and we believe that it may take a couple of years to realistically build up to the level at which Casa Esperanza was able to rely on private support for ongoing operations (over half of the annual operating budget).

Because of this, PATH has placed additional emphasis on working to increase public funding mechanisms, including reimbursement rates. We are actively working with the CEO's office and the County Departments that contract for beds at Casa. While they have agreed to pay a higher rate for beds, the total budget that most departments have available remains the same, so PATH will receive the same total dollar amount but will provide fewer beds. Clearly, this does not help the overall operating budget. However, we have been in numerous discussions with the Department of Behavioral Wellness, and because of PATH's significant experience in other communities, they are supporting us in pursuing Medi-Cal certification that will allow us to bill at much higher rates. This is a lengthy process and requires an up-front investment in clinical staffing, but in the long-term, we believe it is a critical step to ensure long-term sustainability of the Santa Barbara program. With this in mind, PATH is recruiting for a Director of Santa Barbara Programs who has the clinical expertise needed to operate such programs.

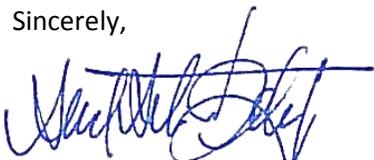
Through these efforts, over time, we are optimistic that we can significantly increase the revenue coming into Santa Barbara programs. However, we believe that in order to maintain an adequate number of non-dedicated beds that are available to the general homeless population of Santa Barbara (as opposed to program beds for specific populations such as those funded by Medi-Cal), an **ongoing** funding commitment will be needed from both the City and the County that is, at a minimum, level with General Fund allocations for the past two years.

PATH is committed to Santa Barbara, and to continuing to improve the operations of programs so that we can work towards ending homelessness in this community. We are truly grateful for the support of the City and County of Santa Barbara, but the success of our programs relies on the not only the continued, but ultimately *increased*, investment of public resources. Without increased public support, we simply will not be able to sustain out current levels of care.

It has also come to our attention that there may have been a sense that the previous requests were short-term or one-time in nature – we do not believe this to be the case. The interim housing programs are a much needed resource to help address homelessness in Santa Barbara, and we urge you to consider adopting the ongoing support of this resource into the City's annual budget.

The City's continuing support from the General Fund for PATH Santa Barbara in the amount of \$125,000 provides critical needed housing and services for this community. Please contact Katie Hill, Chief Operating Officer, at [katieh@epath.org](mailto:katieh@epath.org) or (323)644-2229 if you have any questions or need further information. Thank you for your consideration.

Sincerely,



Joel John Roberts  
Chief Executive Officer  
PATH