



# Administrative Report

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H.13., File # 25-1725

Meeting Date: 12/16/2025

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**To:** MAYOR AND CITY COUNCIL

**From:** JOY A. FORD, CITY ATTORNEY  
STEPHANIE W. JOHNSON, QUALITY OF LIFE PROSECUTOR

## **TITLE**

APPROVE THE SECOND AMENDMENT TO THE AGREEMENT WITH HEALTH NET FOR USE OF FUNDS FOR THE PALLET SHELTER EXPANSION AND ALTERNATIVE CRISIS RESPONSE PILOT PROGRAM TO EXTEND THE TERM TO DECEMBER 31, 2026

## **EXECUTIVE SUMMARY**

On April 9, 2024, the Mayor and City Council approved a grant agreement with Health Net for \$1,338,753 for the expansion of the pallet shelter and an alternative crisis response pilot program. Staff recommends that the City Council approve the amendment to the agreement to extend the term to December 31, 2026.

## **BACKGROUND**

### Alternative Crisis Response

The City's Alternative Crisis Response (ACR) is designed to approach non-violent, mental and behavioral health service calls by offering trauma-informed care, crisis de-escalation, in person intervention and transport to immediate behavioral health services. Physical health, behavioral health, and substance use professionals provide intensive whole-person healthcare services in episodes of crisis, with goals of reducing the amount of hospital and emergency room visits as well as fire and police department involvement. The City's ACR Program launched on November 10, 2025 and has been working closely with Chief Issac Yang and the Fire Department, with services being provided by CLEAR Behavioral Health and Hero Community Services. The operational budget for this program is \$570,003.

### Pallet Shelter Expansion

During the Fiscal Year 2023-2024 Budget Adoption Process, the City Council approved the expansion of the Pallet Shelter estimated to cost \$1,568,750 on the condition of identifying grant funding. On December 19, 2023, City Council approved the purchase of twenty-five (25) additional pallet shelter units because the City received a letter of support from Los Angeles County Supervisor Holly J. Mitchell for \$800,000 of District Two Homelessness funding as well as a letter of support from Health Net awarding the City the remaining \$768,750 for the expansion of the Redondo Beach Pallet

Shelter.

This was necessary for the City to purchase the pallet shelter units before they doubled in price. The Health Net award reimbursed the City for this expenditure. The additional twenty-five (25) units have been delivered by Pallet and are being stored in the transit center yard west of the current Pallet Shelter where they will be assembled and placed after the completion of capital improvements of the lot.

The Engineering Department approved civil and electrical plans and opened the project for contractor bids on October 2, 2025. The City received three bids, which all exceeded what was originally budgeted. Public Works is value engineering the plan to reduce costs of construction. In addition, the City Attorney's Office is working with the City's grant consultant to apply for additional grants to fund the difference between the bids and the original budget.

The amendment will be blue foldered for the City Council Meeting. Staff recommends approval of this extension through December 31, 2026.

### **COORDINATION**

The City Attorney's Office coordinated with the Engineering Department and Public Works Department, as well as Health Net in connection with the preparation of this report.

### **FISCAL IMPACT**

The City is currently seeking additional funding and in the application process for federal funding through Los Angeles Homeless Services Authority (LAHSA). Without gap funding, the City is at risk of having to return all funding related to the Pallet Shelter to Health Net and County Supervisor Holly Mitchell that is allocated to the Pallet Shelter expansion.

Submitted by:

*Joy A. Ford, City Attorney*

### **ATTACHMENTS**

- Agreement
- First Amendment
- Second Amendment (To be blue-foldered)