



Administrative Report

TO: Honorable City Council

FROM: Ben Harvey, City Manager

MEETING DATE: April 14, 2026

SUBJECT: Ojai Permanent Supportive Housing Project/DignityMoves Project Bid Affirmation (*City Council Direction*)

RECOMMENDATION

Consider selecting from options one or two below:

1. Affirm DignityMoves' determination of lowest responsive bidder of Specialty Construction for the Ojai Permanent Supportive Housing Project for a total project cost of \$10.5M with a 10% contingency; designate five (5) of the thirty (30) units for Transitional Age Youth (TAY) thereby allowing DignityMoves to accept and apply a private donation of \$1M towards the Project; accept the corresponding Development Budget and Schedule; waive City project fees; and authorize the City Manager to execute an amendment to the City's Development Management Agreement with DignityMoves (DMA) to incorporate such documents into the DMA along with terms for use of the private donation of \$1M towards the Project; and

Direct the City Manager to modify the ERF Grant Application based upon City Council direction and submit to the California Department of Housing and Community Development (HCD) for review and anticipated approval to reflect the dedication of five (5) units of the project for use for TAY.

OR

2. Affirm DignityMoves' determination of lowest responsive bidder of Specialty Construction for the Ojai Permanent Supportive Housing Project for a total project cost of \$9.5M including a 4% contingency; waive City project fees; accept the corresponding Development Budget and Schedule; and authorize the City Manager to execute an amendment to the City's DMA to incorporate such documents into the DMA; and decline designating five (5) of the thirty (30) units for TAY and DignityMoves' offer to accept and apply a private donation of \$1M towards the Project.

If option one or two is selected, **THEN ALSO**:

3. Direct the City Manager to initiate a request for proposal (RFP) process for an engineer or construction project manager to act as the City's representative for the Ojai Permanent Supportive Project, with funding for the position drawing from City Housing Trust Funds.

If option one or two is **NOT** selected, then:

4. Provide alternative direction to the City Manager.

DISCUSSION

ERF Grant Award and Project Location Background

[In April of 2024, the City of Ojai was awarded \\$12.7M by the State of California in the third round of the Encampment Resolution Fund \(ERF\) grant process.](#) The City's approved grant award designated DignityMoves as the non-profit developer of a twenty-unit permanent supportive housing project to be located at Kent Hall, on the greater City Hall campus.

At the time of ERF Grant submittal, the City Council and community expressed concerns regarding the grant application's proposed location of Kent Hall. Accordingly, an effort to determine a potential new location was undertaken. Ultimately, more than ten (10) different locations were reviewed and considered (for reference, please review the [Site Selection section](#) of the Ojai Permanent Supportive Housing project landing page). [On May 27, 2025, the City Council selected the City's Lower Public Works Yard for the project location.](#) The City received [HCD approval](#) for the new site on August 25, 2025, contingent upon the City's commitment to increase the unit count from twenty (20) to thirty (30) units.

Project Design

Based upon input received over two different Planning Commission meetings and multiple City Council meetings, [a thirty-unit sustainably-constructed hacienda-style design was developed by DignityMoves.](#) At a [Special City Council Meeting on September 30, 2025,](#) the City Council received a walk through of the final plan documents and design and provided feedback to DignityMoves to finalize the construction documents for contractor bidding.

Construction Bid Process

Over the past two years, DignityMoves and the design team have applied their best professional judgement to develop a project that incorporates the requirements of the ERF Grant, the Planning Commission, and the City Council, all while staying within the Development Budget established in the DMA of \$9.5M, including all costs necessary for construction of the project.

In July of 2025, DignityMoves conducted a [Request for Proposal \(RFP\) process](#) (under the City's supervision) to pre-qualify potential construction bidders for the project bid process.

Following the prequalification process, four (4) potential construction bidders were determined to be qualified to submit construction bids for the project. The project was put out to bid to the pre-qualified contractors in November of 2025, and the City received three (3) bids in January of 2026 for the “hard” construction costs (tangible expenses for physical construction, such as materials, labor, and equipment) only:

Construction Bid Comparison

Contractor	Base Bid (Hard Cost)	Soft Costs	Total
Scenario 1 — Base bid			
Specialty Construction	\$8,916,615	\$1,891,268	\$10,807,883
McGillivray Construction	\$9,465,629	\$1,913,228	\$11,378,857
Staples Construction	\$10,485,556	\$1,954,025	\$12,439,581
Scenario 2 — With all cost-saving alternates			
Specialty Construction	\$8,471,743	\$1,873,473	\$10,345,216
McGillivray Construction	\$8,869,320	\$1,889,376	\$10,758,696
Staples Construction	\$9,625,646	\$1,919,629	\$11,545,275

Soft costs include a 4% contractor contingency.

Contractor’s proposals are valid through May 16, 2026, which is 120 days after the bid submittal date.

Unfortunately, given current construction market conditions, all of the bids for the project as originally designed drove the total budget above \$9.5M. Even with all cost-saving alternates applied, total project costs necessitated further value engineering.

In accordance with Sections 3.1 and 3.5 of the DMA, if it becomes apparent that the Development Budget will be exceeded or that funding is insufficient, after being advised of that by DignityMoves, the City and DignityMoves are required to meet and confer to identify and obtain sources of additional funding or agree upon changes to the project to accomplish cost savings and efficiencies to allow the project to be completed with the available funding.

Over the past few months, the team closely evaluated the bids, bid alternates, and potential value engineering opportunities, resulting in two versions of the project that meet the core requirements of the ERF grant and the DMA. Following a thorough review and bid clarification process with all 3 participating contractors, Specialty Construction remains the lowest responsive bidder for recommended Options 1 and 2 after accepting certain bid alternates and certain value engineering measures.

Both recommended project options include:

- 30 accessible Permanent Supportive Units with en-suite bathrooms
- A gathering space with a compressed straw panel ceiling
- Hemp insulation throughout
- Administrative and laundry areas
- A peaceful courtyard
- Fenced dog play area
- Accessible pedestrian ramp and stairs to South Ventura Street
- Fire hardened building and landscaping to meet current Very-High Fire Hazard Severity Zone standards

\$1M Donation from The Balay Ko Foundation/5 units for Transitional Age Youth (TAY)

In April of 2026, Dignity Moves informed the City that a \$1M donation towards project construction had been offered to DignityMoves by [The Balay Ko Foundation](#) (please see Attachment 3). As detailed within the attached letter, the donation is for the project as proposed (30-unit hacienda-style structure) at the City's Lower Public Works Yard (611 South Montgomery Street) with the caveat that five (5) of the project's 30 units be designated for Transitional Age Youth (TAY). After learning of the grant opportunity, the City initiated a preliminary discussion with HCD as to whether designating five units for TAY within the project would be allowed under the City's ERF Grant. HCD's preliminary response to the City's inquiry was that HCD was receptive to this proposal since it results in providing housing to an unhoused population, but stated that the City would need to submit a revised ERF Grant Application to formally propose this change to HCD for consideration/approval.

Recommended Bid Affirmation – Specialty Construction

Based on the foregoing evaluation, staff recommends that City Council affirm Specialty Construction as the lowest responsible bidder for the project. Two project options have been developed for City Council consideration, each meeting the core requirements of the ERF grant and DMA. Each project option reflects a different balance of scope and cost savings achieved through bid alternates and value engineering.

1. Recommended Option 1 - \$10.5M Project Bid Overview

Under this recommended option, if Council approves the dedication of five (5) TAY units, the remaining costs above \$9.5M will be paid for with \$1M grant funding from The Balay Ko Foundation. This option includes a 10% contingency and contemplates the following project modifications:

- **Foundation Drainage**
 - Exclusion of foundation drains along the south and east (downhill) sides of the building.
 - Exclusion of a sub-slab drainage system.

- **Materials**
 - In addition to the ceiling of the Gathering Space, compressed straw panels will be used only on one side of the partition walls between the units, increasing the acoustic performance of the walls.
 - Tile roof substituted for lower cost clay tile.
 - Acoustic ceiling panels reduced to 50%.

- **Site and Landscaping**
 - Removal of raised courtyard planters.
 - Removal of steel screens around HVAC equipment.
 - Removal of sandstone address column at Montgomery Street.
 - Removal of storage container and all associated site work.
 - Simplification of trash enclosure to a three-sided structure without a roof or gates.

- **Scope Shifted to Future Operator or Fundraising**
 - Electronic keycard access system.
 - Common area appliances (dishwasher, refrigerator, and freezer).
 - Steel courtyard gates.

Should the City Council select recommended Option 1 (\$10.5M project) and authorize five (5) of the units to be designated for TAY, the City's contribution would remain \$9.5M of ERF funds in accordance with the DMA. The Balay Ko Foundation donation would allow for a healthy project contingency of 10%, and additional design features such as, compressed straw on interior walls and landscaping, to remain. The donation would be held by DignityMoves and the City would agree on terms for use of funds towards the project consistent with The Balay Ko Foundation's terms. The Development Budget for this option is consistent with the DMA.

The Development Budget and additional details regarding recommended Option 1 expenditures are provided within Attachment 1.

2. Recommended Option 2 - \$9.5M Project Bid Overview

Recommended Option 2 fits within the allotted \$9.5M budget by selecting additional bid alternates or by further value engineering measures. This option does not include additional grant funding from The Balay Ko Foundation or TAY units. This scope of work is similar to recommended Option 1, but makes these changes:

- Removal of all the planting and irrigation and these elements will be installed as future funding or volunteer resources become available.
- Replaces the courtyard pavers with decomposed granite.
- Compressed straw panels removed from both sides of interior partition walls for units.
- Removal of soffit beams and corbels.
- Colored and stamped concrete replaced with standard grey concrete inside and outside.

- Removal of all acoustic ceiling panels from the General Contractor's scope and installation of such elements by operator or as future funding or volunteer resources become available.
- Contingency reduced to 4%.

Recommended Option 2 (\$9.5M project) does not include authorization of TAY units or the \$1M donation. The Development Budget for this option is consistent with the DMA. This Development Budget would require either fundraising or future funds to provide landscaping and certain project features, while certain other design features are removed. The contingency for this option is reduced to 4%.

The Development Budget and additional details regarding recommended Option 2 expenditures are provided within Attachment 2.

Next Steps

Should the City Council **select recommended Option 1 or 2** and approve the Development Budget (Attachment 1 or 2) and Development Schedule (Attachment 4):

1. The selected option's Budget and Schedule will be appended to the DMA;
2. If TAY is approved:
 - a. City Council will also need to authorize the City Manager to execute an amendment to the City's DMA regarding the use of the \$1M donation towards the Project (i.e., either for contingency or other project improvements as described above);
 - b. City staff will submit a revised ERF Grant Application for proposed TAY units to HCD for anticipated review/approval; and
3. Issue a Request For Proposals (RFP) for an engineer or construction project manager to act as City's representative for the Ojai Permanent Supportive Project, with funding for the position drawing from City Housing Trust Funds, subject to City Council review/approval of the contract award; and
4. A concept review item for the scope of work for a third-party property manager/program operator for the Ojai Permanent Supportive Housing Project will be brought back for City Council consideration at a near-term City Council meeting.

Should the City Council **provide alternative direction** (not selecting recommended Option 1 or 2) next steps are to:

1. To be determined, based upon specific direction provided.

Should the City Council **take no action**, the City Council must provide direction to the City Manager for:

- a. The future plans for Ojai Tent Town (OTT);
- b. The status of the City's ERF Grant, and corresponding communication with California Department of Housing and Community Development (HCD) for any proposed future permanent supportive housing project: and

- c. Corresponding requisite amendments to the City's adopted FY 25-26 Budget to reflect any required refunds of ERF Grant funds to the State as directed by the California Department of Housing and Community Development (HCD).

CITY COUNCIL GOALS ALIGNMENT

Goal No. 1 - Affordable Housing

OPTIONS

1. Take no action;
2. Provide alternative direction to staff.

FISCAL IMPACT

The Ojai Permanent Supportive Housing Project is funded through the City's \$12.7M ERF Grant. Should the City Council select Option 1 or 2, and direct an RFP process for an owner's engineer or construction project manager to act as the City's representative for the Ojai Permanent Supportive Project, the City has approximately \$700k in eligible funding within the City's Housing Trust Fund that may be used for this purpose.

The fiscal impact of providing alternative direction or taking no action is not known (some possibilities are outlined within this agenda report). Should the City Council take either of these steps, the City Manager will return to the City Council with an update providing details regarding the fiscal impact.

Prepared by: Ben Harvey, City Manager

ATTACHMENT(S)

- A. **Project Budget to Actual, Option 1- \$10.5M with TAY**
- B. **Project Budget to Actual, Option 2 - \$9.5M without TAY**
- C. **Donation Letter - Balay Ko Foundation to DignityMoves**
- D. **Proposed Design Construction Schedule**