



# MEMORANDUM

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**TO:** Mayor and City Councilors

**FROM:** Rich Olson, City Manager

**DATE:** February 20, 2014

**REF:** Consideration – Disposition of 709 Herrington Road Property

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***BACKGROUND:***

During the City Council meeting held on October 28, 2013, staff was directed by the Council to investigate options for the City to operate a homeless shelter at 709 Herrington Road. Staff was asked to report back to the Council in 30 days.

During the City Council Work Session held on November 25, 2013, Council decided to follow the recommendation from the Finance Committee, directing staff to winterize and secure the property while also deferring decision to surplus so as to allot additional time (until January 2014) for private and/or non-profit operation inquiries. To date, staff has not received indication of interest from the public. Staff continues periodic safety/security checks on the property and structure.

***ANALYSIS:***

The site, formerly known as the “Garden of Hope” house at 709 Herrington Road, was operated by a 501c3 nonprofit organization as a homeless shelter, and ceased operation in September 2013 due to lack of funding. The site was issued a Special Use Permit by the Board of Adjustment to permit no more than eight residents, volunteers and/or staff. According to the Unified Development Ordinance, a Special Use Permit would be required to be obtained before another organization can operate a homeless shelter at the site. If the site is operated by the City, no Subrecipient Agreement would be necessary; however the Special Use Permit will be required.

A Request for Proposals for Service Delivery and Management of the site was advertised in the Sunday, November 3, 2013 edition of *The Daily Advance*. No

proposals were received, although one inquiry regarding operation of the shelter was received by City staff.

Due to CDBG funds being utilized for the purchase of the facility, a Subrecipient Agreement would be required of any subsequent group wishing to operate the shelter. The Subrecipient Agreement would require a public hearing.

Upon staff inspection of the facility, it was determined that approximately \$16,500 in expenses will be required for new carpet, paint, and other basic repairs before the shelter can be reopened.

The shelter will be required to have staff members operating the facility 24 hours a day, 7 days a week. A minimum of 3.5 full time staff members and one part time staff member would be needed, working eight-hour rotating shifts daily. Vacation time, sick leave, etc. has not been factored into the minimum staffing requirements. It is estimated that staff salaries with benefit package is approximately \$100,100 with one part time staff member and three full time staff members. The City will be required to pay its employees' salaries based upon Federal Law; therefore, the cost of staffing is more than double the cost for a private 501c3 organization, which is not held to the same standards. Staff members would be requested to have an array of educational backgrounds, including nursing, counseling, therapists, and substance abuse.

All persons wanting to gain entrance to the shelter program would have a mental health screening process. An assessment would be made based upon any issues that may be uncovered, as well as a course of action. This must be accomplished by a medical professional with a background in mental health. The shelter would have the ability to make referrals to the various local mental health facilities. Substance abuse issues may be a problem for persons wishing to enter the facility. Referrals would be made for those individuals.

The shelter staff will be responsible for ensuring that all residents are up in the morning, make their beds, take care of their personal hygiene, clean their living space, and assist with assigned chores at the shelter home. The Resident Manager will conduct weekly "house meetings" with all residents. Transportation assistance would be provided for food, Food Bank assistance, clothing needs, referral services, medical and mental health appointments, Social Services, the Employment Security Commission, the Elizabeth City-Pasquotank School system, and the local colleges and University. Since transportation is needed, a City van would be required for the shelter.

### ***FINANCIAL:***

Staff previously presented a proposed one year operational budget for the shelter that compares expenses for a City-operated facility and a facility operated by a 501c3 non-profit organization. In addition, staff contacted seven large cities throughout the state concerning their participation in operating a "City Homeless Shelter". We could not find a jurisdiction that directly operated the shelter, but most indicated that they contributed funds to other organizations as financial assistance.

The City has been advised by Community Investment that any funds acquired from the sale of the property must be utilized to assist individuals of low to moderate income within the City. Funds may be utilized towards the Elizabeth City Middle School Renovation Project, which is also a CDBG grant project.

City staff's recommendation to the Finance Committee during their meeting of November 20, 2013 included having the property appraised and the Council adopting a resolution declaring the property surplus with the intention of pursuing a sale of the property in order to use the proceeds for the Middle School project.

However, during the Finance Committee's discussion of this issue, all members agreed that the operation of a shelter to serve the homeless population is a worthy and needed service. Both Councilman Donnelly and Councilman Brooks (who also attended the Finance Committee meeting) advised that they had received inquiries from prospective operators that did not submit a proposal during the RFP process. The Committee felt it was appropriate to winterize the home to prevent damage during cold weather in order to provide additional time (until January 2014) to ensure adequate time for public response to the advertisement and RFP.

The Finance Committee discussed this matter during their meeting of February 20, 2014 and recommends approval.

***STAFF RECOMMENDATION:***

A. By motion, adopt the attached resolution:

1. Declaring the property surplus to the needs of the City of Elizabeth City; and further
2. Directing the City Manager to determine the market value of the property by appraisal; and further
3. Causing a notice to be published soliciting bids for the sale of the property pursuant to NCGS §160A-269 (the upset bid process).

B. By motion:

1. Direct that, once the requirements of the upset bid process have been met, staff is to bring the proposed sale back to the City Council to authorize the transaction; and further
2. Direct that proceeds from the sale of this parcel be used for the City's share of the expenses on the Elizabeth City Middle School CDBG Project.

RCO/vdw