



# MEMORANDUM

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**TO:** Finance Committee

**FROM:** Rich Olson, City Manager

**DATE:** November 19, 2013

**REF:** Consideration - 709 Herrington Road Property

**Prepared By:** Morgan Jethro, Community Development Manager

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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.

***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 Zoning Adjustments to permit no more than eight residents, volunteers and/or staff. According to the UDO, 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 has been advertised, and to date, no proposals have been received, although one inquiry has been made. Due to CDBG funds being utilized for the project purchase, 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. At 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 prepared 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 (see attached spreadsheet).

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.

***STAFF RECOMMENDATION:***

By motion, recommend that the City Council:

1. Authorize having the property at 709 Herrington Road appraised by a licensed appraiser;
2. And further, that the City Council adopt the attached resolution declaring the property surplus to begin the sale process pursuant to NCGS §45-21.27 (the upset bid process);
3. And further, that the City Council 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.



**Proposed One Year Operational Budget  
Expenses**

	<u>City Operated</u>	<u>501c3 Operated</u>
Utilities	\$3,000	\$3,000
Heating Gas/Oil	\$4,000	\$4,000
Professional Fees	\$1,000	\$1,000
Computer Repairs	\$500	\$500
Fund Raising	\$0	\$2,000
Salaries/Payroll Taxes	\$100,100	\$30,000
Building	\$2,500	\$2,500
Grounds	\$1,000	\$1,000
Janitorial Supplies	\$500	\$500
Pest Control	\$1,200	\$1,200
Office Supplies	\$2,500	\$2,500
Privilege License	\$0	\$100
Office Equipment Repairs	\$500	\$500
Postage	\$1,000	\$1,000
Seminars/Education	\$1,000	\$500
Travel Expense	\$0	\$500
Mileage Reimbursement	\$0	\$2,000
Food Bank of the Albemarle Building Ins/Worker's Comp.	\$500	\$500
Director/Officer Insurance	\$4,500	\$3,200
Meals/Entertainment	\$1,000	\$1,000
Cable/Internet	\$500	\$500
Cable/Internet	\$1,000	\$1,000
<b>Totals:</b>	<b>\$126,300</b>	<b>\$59,000</b>

**Resolution  
Declaring Real Property Surplus and Authorizing Sale**

**WHEREAS**, the City of Elizabeth City is the owner of real property identified on the Pasquotank County Registry as PIN: 891312879218 and having a physical address of 709 Herrington Road; and

**WHEREAS**, the City of Elizabeth City has no current or future need of said property for public use; and

**WHEREAS**, the City Council is desirous of selling said parcel.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Elizabeth City that the parcel of property located at 709 Herrington Road is hereby declared surplus property of the City of Elizabeth City; and

**FURTHER**, the sale of said property is authorized and shall be conducted pursuant to the upset bid process required by North Carolina General Statutes §45-21.27

**ADOPTED**, this the 25<sup>th</sup> day of November 2013.

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Joseph W. Peel  
Mayor

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Dianne S. Pierce-Tamplen, MMC  
City Clerk