

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: KELLI KUYKENDALL, HOUSING AND COMMUNITY SERVICES
MANAGER
BRANDALYN TRAMEL, PURCHASING AGENT, FINANCE
DEPARTMENT
SUBJECT: RATIFICATION OF PURCHASE ORDER FOR PROCUREMENT
AND ONGOING USE OF HOTEL ROOMS AND APPROPRIATION
OF RELATED FUNDS FOR THE PROVISION OF NON-
CONGREGATE SHELTER FOR "AT RISK" SHELTERED AND
UNSHELTERED PERSONS DURING THE COVID-19 PANDEMIC
AND AUTHORIZATION FOR CITY MANGER TO PROCURE
ROOMS THROUGH DECEMBER 31, 2020

AGENDA ACTION: REPORT

RECOMMENDATION

It is recommended by the Housing and Community Services Department that Council, by resolution, approve the following: 1) ratify the original Purchase Order/Rider, and four related Letter Agreements under the City Manager's emergency authority, with 3421 Cleveland Owner LLC (Sandman Hotel) to procure hotel rooms from March 20, 2020 to present for the provision of Non-Congregate Shelter for "at risk" sheltered and unsheltered persons during the COVID-19 pandemic; 2) authorize the City Manager to negotiate and execute agreement(s) to further extend the term of existing hotel rooms and/or expand the number of hotel rooms at the Sandman Hotel through December 31, 2020, subject to an aggregate not-to-exceed amount of \$2,011,232; and 3) appropriate a total amount not-to-exceed \$2,011,232 from General Fund unassigned reserves to cover Sandman Hotel costs for the period June 26, 2020 to December 31, 2020.

EXECUTIVE SUMMARY

This resolution will (1) ratify the Purchase Order/ Rider and four related Letter Agreements (collectively referred to as the Purchase Order) which booked the initial block of rooms, then increased the number of rooms and extended time, all of which were approved under the City Manager's emergency authority, with 3421 Cleveland Owner LLC (Sandman Hotel) to procure hotel rooms from March 20, 2020 to present for the provision of Non-Congregate Shelter (NCS) for "at risk" sheltered and unsheltered persons during the COVID-19 pandemic; (2) authorize the City Manager to negotiate

and execute agreement(s) to further extend the time for hotel rooms and/or expand the number of hotel rooms at the Sandman Hotel for such a time as the City deems necessary to address COVID-19 related health and safety risks in the community and no longer than December 31, 2020, subject to a not-to-exceed amount of \$2,011,232 under terms and conditions approved as to form by the City Attorney's Office; and (3) appropriate a total amount not-to-exceed \$2,011,232 from unassigned General Fund reserves to cover costs for the period of June 26, 2020 to December 31, 2020.

The City's current rate at the Sandman Hotel is \$129/night, plus flat, one-time cleaning fee (\$500/room) and damage waiver fees (\$1,000/room) that the City has already incurred or is holding as described below. The City is currently using 91 hotel rooms at the Sandman Hotel, and the total cost is approximately \$82,173/week for all 91 hotel rooms. With the closure of the Safe Social Distancing Program (SSDP) at the Finley Community Center, staff recently added an additional 20 hotel rooms for "at risk" individuals currently residing at the SSDP.

On July 21, 2020, Council appropriated funding from the General Fund reserves for costs related to emergency events during Fiscal Year 2019/2020, including costs related to the Purchase Order for the period March 20, 2020 to June 26, 2020, totaling approximately \$887,680. Operation of NCS at the Sandman Hotel is being provided by Catholic Charities under a separate agreement for substantially the same term (July 1, 2020 to December 31, 2020), which was approved by Council on July 7, 2020. This agenda item relates to the Purchase Order with the Sandman Hotel for the procurement of hotel rooms and is separate from the agreement with Catholic Charities for the provision of NCS. Staff will return to Council should there be a need to extend the Purchase Order and/or the agreement with Catholic Charities beyond December 31, 2020.

BACKGROUND

1. On March 2, 2020, the City Manager proclaimed the existence of a local emergency in his capacity as Director of Emergency Services relating to the threat to community health posed by COVID-19. On March 3, 2020, the Council took action to ratify the proclamation pursuant to City Code section 2-24.050.
2. Following Council ratification of a local emergency, on March 20, 2020, the City entered a Purchase Order with 3241 Cleveland Owner LLC (Sandman Hotel) to procure 45 hotel rooms for the relocation of "at risk" individuals from the City-owned Samuel L. Jones Hall Homeless Shelter to achieve social distancing requirements. This was achieved through the City's Emergency Operation Center (EOC) Logistics team. The City entered into a separate agreement with Catholic Charities for the operation of NCS at the Sandman Hotel, facilitated by the Department of Housing and Community Services. The Purchase Order and

agreement with Catholic Charities were approved under the City Manager authority as Director of Emergency Services.

3. The original Purchase Order was subsequently amended by four related Letter Agreements to extend the time for the hotel rooms and to procure additional hotel rooms for "at risk" unsheltered individuals identified through the Homeless Encampment Assistance Program (HEAP). In April 2020, the Purchase Order was amended to add 26 hotel rooms, bringing the total to 71 hotel rooms. With the closure of the Finley SSDP in October, the Purchase Order was again amended to add 20 additional hotel rooms, bringing the total to 91 hotel rooms.
4. With the ongoing COVID-19 outbreak and the City's need to address COVID-19 related health and safety risks in the community and to maintain social distancing at shelter facilities, the City has continued its use of all 91 hotel rooms.

PRIOR CITY COUNCIL REVIEW

On March 3, 2020, Council, by Resolution No. RES-2020-035, ratified the proclamation of existence of local emergency by the City Manager in his capacity as Director of Emergency Services relating to the threat to community health posed by COVID-19.

On July 21, 2020, Council, by Resolution No. RES-2020-122, appropriated funding from the General Fund reserves for costs related to emergency events during Fiscal Year 2019/2020, including COVID-19. This included costs related to the Purchase Order for the 71 hotel rooms for the period March 20, 2020 to June 26, 2020, totaling approximately \$887,680.

ANALYSIS

1. On July 21, 2020 Council appropriated funding from the General Fund reserves for costs related to emergency events during Fiscal Year 2019/2020, including COVID-19. This included costs related to the Purchase Order for the 71 hotel rooms for the period March 20, 2020 to June 26, 2020, totaling approximately \$887,680.
2. In addition to the nightly room rate of \$129 plus taxes, the City paid a non-refundable \$500 per room cleaning fee, totaling \$35,500 for 71 rooms. The City also held a \$1000 per room damage retainer for the 91 rooms, totaling \$91,000 through October 28, 2020. From October 28, 2020 through December 31, 2020, staff expects that the Sandman Hotel will request to hold the damage retainer, rather than the City. Additionally, the City will pay the Sandman Hotel a non-refundable \$500 per room cleaning fee (\$10,000 for 20 rooms), bringing the total paid to \$45,500 for 91 rooms.

3. Staff requests Council ratification of the Purchase Order and four Letter Agreements for the 91 hotel rooms from March 2020 to present. This includes the initial 45 rooms procured in March 2020 followed by the 26 additional rooms in April 2020 and the 20 additional rooms reserved in October 2020.
4. Staff also requests authorization for the City Manager to negotiate and execute agreement(s) to further extend the term of existing hotel rooms and/or expand the number of hotel rooms at the Sandman Hotel from October 28, 2020 through December 31, 2020, subject to an aggregate not-to-exceed amount of \$2,011,232 under terms and conditions approved as to form by the City Attorney's Office. During this time period, the Sandman Hotel, rather than the City will hold the \$91,000 damage fee waiver that the City had previously reserved and held.
5. The Sandman Hotel is aware that the City will seek federal funding, if available. In connection with any extension and to the extent necessary, City staff will ensure requisite federal provisions are formally incorporated into the agreement to best position the City to seek Federal Emergency Management Agency (FEMA) funds, if available, as well as other potential funding sources. The proposed term of the hotel rooms to December 31, 2020 aligns with the Grant Agreement for COVID-19 Homeless Services with Catholic Charities for NCS at the Sandman Hotel and the Safe Social Distancing Program at the Finley Community Center, approved by Council on July 7, 2020.
6. Staff also requests appropriation of additional funding in the amount of \$2,011,232 for the period June 26, 2020 to December 31, 2020. This is based on a daily rate of \$129.00 which amounts to weekly (seven-day) rates of \$82,173 (91 rooms). As noted above, the costs for the hotel rooms between March 20, 2020 and June 26, 2020 in an amount of \$887,680 was appropriated from General Fund Reserves on July 21, 2020. If Council grants the City Manager authority to further extend the term of the hotel rooms through December 31, 2020, the total combined amount appropriated for the hotel rooms for the NCS program from March 20, 2020 to December 31, 2020 is \$2,898,912.
7. Approval of this request will allow for the continued procurement of hotel rooms at the Sandman Hotel, providing NCS for those individuals at greatest risk to COVID-19 for such a time as the City deems necessary, and no longer than December 31, 2020, or the owner requests the City to vacate the hotel rooms. If the full amount of appropriations are not used, the funds will be returned to the General Fund reserves. Staff will return to Council should there be a need to extend the Purchase Order and/or the agreement with Catholic Charities beyond December 31, 2020.

FISCAL IMPACT

If approved, this action will provide an amount not-to-exceed \$2,011,232 from the City's General Fund unassigned reserves (COVID-19 Charge Key 02209) for the period June 26, 2020 to December 31, 2020. If the full amount of appropriations are not used, the funds will be returned to the General Fund reserves. Additionally, staff intends to seek reimbursement through FEMA pursuant to its Public Assistance Program and Policy Guide as well as other potential funding sources

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable

NOTIFICATION

Not applicable

ATTACHMENTS

- Resolution/Exhibit A (Purchase Order)

CONTACT

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