

CITY COUNCIL REPORT



Meeting Date: August 21, 2024
General Plan Element: **Housing**
General Plan Goal: *Seek a variety of housing options to meet the community's socioeconomic needs.*

ACTION

Adopt Resolution No. 13197 authorizing:

1. Contract No. 2023-129-COS-A1, the first amendment with Pengol Hospitality I, LLC, in the amount of \$190,000 for five hotel rooms from 10/1/2024 through 5/31/2025, for the provision of bridge housing to assist those in need.
2. The City Manager to execute any other documents and take such actions as necessary to carry out the intent of this Resolution and Contract.

BACKGROUND

In November 2021 Scottsdale voters approved the 2035 General Plan, which includes a Housing Element with a goal to provide a variety of housing options that meet the community's socioeconomic needs. Further, to seek to provide quality short-term housing options that accommodate those in need of temporary shelter.

In April 2022, Mayor David Ortega sent a team to New York City to attend the Bloomberg-Harvard City Leadership Initiative. At the weeklong summit, the team identified gaps in services and programs for vulnerable populations, especially services for persons experiencing homelessness.

In October of 2022 the Human Services Department utilized a combination of AZ CARES funds, Salt River Pima-Maricopa Indian Community (SRP-MIC) funds, and Community Development Block Grant (CDBG) funds for a contract with Pengol Hospitality I, LLC, a local hotel in Scottsdale, to begin the Bridge Housing Program.

On June 27, 2023, the City Council approved Contract No. 2023-123-COS, a funding agreement totaling \$940,000 with the Arizona Department of Housing (ADOH) and use of the Homeless Shelter and Services Funds to extend the Bridge Housing Program and provide those experiencing homelessness and single parent families with access to healthy, safe, decent temporary housing and supportive services in Scottsdale. These funds were to be spent by June 30, 2024.

On September 19, 2023, the City Council approved Contract No. 2023-129-COS with Pengol Hospitality I, LLC, in the amount of \$499,933, for 10 hotel rooms from 10/1/2023 through 9/30/2024, for the provision of bridge housing to assist those in need.

On June 14, 2024, the City Manager signed an amendment to the funding agreement with the Arizona Department of Housing (Contract No. 2023-123-COS) to extend the duration of the funding agreement from June 30, 2024, to September 30, 2024.

ANALYSIS & ASSESSMENT

The Bridge Housing Program began in October 2022 to provide a safe and stable place to stay for seniors and families with minor children who have been displaced from their Scottsdale homes. Participants in the Bridge Housing Program are provided with case management services to assist with obtaining documents, navigating through homeless programs and services, searching for employment, applying for housing vouchers, and searching and applying for affordable rental units. Participants making case plan progress can stay in the program for up to 120 days.

Eligibility requirements for the Bridge Housing Program include:

- Seniors age 62+
- Single parents with minor children
- Last residential address must be a Scottsdale address within the last six months
- Participants must be able to complete activities of daily living tasks on their own

Important to note: any persons who are struggling from a substance abuse disability, are chronically homeless, are not a legal resident, or are from “The Zone” are not eligible for the Scottsdale Bridge Housing Program.

On June 27, 2023, the City Council approved a funding agreement with ADOH for \$940,000 to extend the Bridge Housing Program. On September 19, 2023, the City Council approved a contract with Pengol Hospitality I, LLC, in the amount of \$499,933, for 10 hotel rooms from 10/1/2023 through 9/30/2024, for the provision of bridge housing to assist those in need.

The remaining \$440,067 of the ADOH funding was going to be used for supportive services, including nutrition. The contract for supportive services came in almost 50% less than expected leaving approximately \$200,000 of the ADOH funding remaining. Because the funding was to be spent by June 30, 2024, staff requested and received an extension from ADOH to spend the funds by September 30, 2024.

Pengol Hospitality I, LLC, is in the process of renovating the hotel, which is taking longer than anticipated. As a result, five hotel rooms would be available to continue the Bridge Housing Program from 10/1/2024 through 5/31/2025.

In lieu of returning the funds to ADOH, staff is requesting to continue the Bridge Housing Program, which gives the Human Services Department a resource to offer during a time of crisis. If this

request is approved, the \$190,000 for five hotel rooms from 10/1/2024 through 5/31/2025 would be paid by September 30, 2024, to comply with the amended funding agreement.

To date, the Bridge Housing Program has an 86% success rate. Since the inception of the program, a total of 165 individuals have been served – 12 are currently in the program and 132 have exited the program into a safe living situation.

RESOURCE IMPACTS

Available Funding

On June 27, 2023, the City Council approved a funding agreement with ADOH for \$940,000 to extend the Bridge Housing Program. On September 19, 2023, the City Council approved a contract with Pengol Hospitality I, LLC, in the amount of \$499,933, for 10 hotel rooms from 10/1/2023 through 9/30/2024, for the provision of bridge housing to assist those in need.

The remaining \$440,067 of the ADOH funding was going to be used for supportive services, including nutrition. The contract for supportive services came in almost 50% less than expected leaving approximately \$200,000 of the ADOH funding remaining, which is sufficient to cover the \$190,000 for five hotel rooms from 10/1/2024 through 5/31/2025.

The budget authority to spend the remaining ADOH funds was carried forward from the prior fiscal year and included in the FY 2024/25 adopted budget.

OPTIONS & STAFF RECOMMENDATION

Recommended Approach

Adopt Resolution No. 13197 authorizing:

1. Contract No. 2023-129-COS-A1, the first amendment with Pengol Hospitality I, LLC, in the amount of \$190,000, for five hotel rooms from 10/1/2024 through 5/31/2025, for the provision of bridge housing to assist those in need.
2. The City Manager to execute any other documents and take such actions as necessary to carry out the intent of this Resolution and Contract.

RESPONSIBLE DEPARTMENT(S)

Community Services Division, Human Services Department

STAFF CONTACT(S)

Kira Peters, Human Services Director, KiPeters@ScottsdaleAZ.gov

Sue Oh, Human Services Manager, SOh@ScottsdaleAZ.gov

APPROVED BY



Ana Lia Johnson, Acting Budget Director
480-312-7893, AnJohnson@scottsdaleaz.gov

8/2/24

Date



Judy Doyle, Community Services Assistant Executive Director
480-312-2691, JDoyle@scottsdaleaz.gov

8.2.2024

Date



William B. Murphy, Assistant City Manager
480-312-7954, BMurphv@scottsdaleaz.gov

8/2/2024

Date

ATTACHMENTS

1. Resolution No. 13197
2. Contract No. 2023-129-COS-A1

RESOLUTION NO. 13197

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE FIRST AMENDED CITY SERVICES CONTRACT, NO. 2023-129-COS-A1, BETWEEN THE CITY AND PENGOL HOSPITALITY I, LLC FOR THE PROVISION OF BRIDGE HOUSING TO ASSIST THOSE IN NEED.

WHEREAS, the City desires to ensure the continued availability of bridge housing to assist those in need;

WHEREAS, the City and Pengol Hospitality I, LLC entered into City Services Contract, 2023-129-COS, effective September 19, 2023, for the provision of rooms at its hotel site to be used for temporary shelter for seniors and single parents with minor children while they are looking for non-temporary shelter, transitioning housing or stable housing;

WHEREAS, the City and Pengol Hospitality I, LLC desire to amend the City Services Contract to extend the term and set forth the requirements for providing five rooms between October 1, 2024 and May 31, 2025 for seniors and single parents with minor children who are experiencing homelessness while looking for a more stable living environment;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Scottsdale, Maricopa County, Arizona, as follows:

Section 1. The City Council hereby authorizes, approves and directs the Mayor to execute, on behalf of the City, Contract No. 2023-129-COS-A1, First Amended City Services Contract, between the City and Pengol Hospitality I, LLC for the provision of five hotel rooms from October 1, 2024 to May 31, 2025 for bridge housing to assist those in need.

Section 2. The City Council hereby authorizes the City Manager to execute any other documents and take such other actions as are necessary to carry out the intent of this Resolution and Contract No. 2023-129-COS-A1.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona this ____ day of _____, 2024.


CITY OF SCOTTSDALE, an Arizona
municipal corporation

ATTEST:

Ben Lane, City Clerk

David D. Ortega, Mayor

APPROVED AS TO FORM:



Sherry R. Scott, City Attorney
By Karen Tyler, Sr. Assistant City Attorney



**CITY OF SCOTTSDALE
FIRST AMENDED CITY SERVICES CONTRACT**

This First Amended City Service Contract "Amendment" is entered into this ____ day of _____, 2024, by and between the City of Scottsdale, an Arizona Municipal Corporation, the "City", Pengol Hospitality I, LLC, an Arizona limited liability company, referred to as, the "Contractor".

RECITALS

A. The City desires to ensure the continued availability of affordable housing and bridge housing to assist those in need of housing;

B. The City and Contractor entered into a City Services Contract 2023-129-COS, effective September 19, 2023, for Contractor to provide rooms at the site hotel to be used as temporary shelter for homeless adults and families while they are looking for non-temporary shelter, transitional housing or stable housing;

C. The City and Contractor desire to amend the City Services Contract to extend the term and set forth the requirements for providing rooms for seniors and families with minor children who are experiencing homelessness while looking for a more stable living environment;

NOW, THEREFORE, in consideration of the mutual promises and obligations, the parties agree to amend the City Services Contract as follows:

TERMS

1. Effective October 1, 2024, **Section 1.1 SERVICE DESCRIPTION** Exhibit "A" shall be modified as follows:

Contractor will provide rooms at Independence 47 Hotel located at 7330 North Pima Road Scottsdale AZ 85258. Rooms will be used for a Bridge Housing Program to provide a safe place to stay for seniors and families with minor children who are experiencing homelessness while looking for a more stable living environment.

Participants will be provided with case management services to assist with obtaining documents, navigating through homeless programs and services, searching for employment, applying for housing vouchers, and searching and applying for affordable rental units.

Contractor will provide the following at the Independence 47 Hotel located at 7330 North Pima Road Scottsdale AZ 85258:

- a. Five hotel rooms from October 1, 2024 through May 31, 2025.
- b. Hotel rooms will be double-occupancy, each with their own bathroom facilities including showers.

- c. All utilities will be included for each of the rooms including but not limited to water and air conditioning/heating.
 - d. Hygiene products will be provided to participants by contractor.
 - e. Housekeeping service include changing and laundering of bed linens/towels, and disposal of trash bins.
2. Effective October 1, 2024, **Section 2.2 FEE SCHEDULE** shall be modified as follows:
- The amount paid to Contractor inclusive of all expenses under this Amendment will not exceed \$190,000.00.
- The Contractor shall bill the City using the invoice template shown in **Exhibit "B"** Of the City Services Contract. The Contractor shall submit one invoice for the full amount.
3. Effective October 1, 2024, **Section 3.1 TERM AND EXTENSION** shall be modified as follows:
- The term of this Amendment shall begin on October 1, 2024, and shall terminate on May 31, 2025, unless earlier terminated as set forth in the City Services Contract.
4. This Amendment may be executed in one or more counterparts, and each originally executed duplicate counterpart of this Amendment will be considered to possess the full force and effect of the original.
5. All other Terms and Conditions of the City Services Contract and its exhibits shall continue to remain in full force and effect.

[Remainder of page is intentionally blank.]

IN WITNESS WHEREOF, the Parties acknowledge that they have read, understood, approve, and accept all of the provisions of this Amendment and the attachments thereto.

CITY OF SCOTTSDALE

By: _____
David D. Ortega, Mayor Date

ATTEST:

By: _____
Ben Lane, City Clerk Date

CONTRACTOR:

By: Charles Feeley 8/1/2024
Charles Feeley Date
General Manager Pengol Hospitality I, LLC

CITY OF SCOTTSDALE REVIEW:

By: William B. Murphy 8/2/2024
William B. Murphy Date
Assistant City Manager

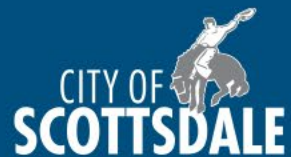
By: Jenn Myers 8/2/24 09:48 MST
Jenn Myers Date
Purchasing Director

APPROVED AS TO FORM:

By: Karen Tyler _____
Sherry R. Scott, City Attorney Date
Karen Tyler, Sr Assistant City Attorney

Bridge Housing Contract Amendment

City Council | August 21, 2024



Contract Amendment – Pengol Hospitality I, LLC

2

- 10/1/2024 – 5/31/2025
- Five Hotel Rooms
- \$190,000 – ADOH Funding



What is the Bridge Housing Program?

3

- Hotel rooms will be used to provide a safe and stable place to stay for seniors and families with minor children who have been displaced from their Scottsdale homes.
- Includes case management services.
- Participants can stay at the hotel for up to 120 days.
- Eligibility requirements include:
 - Seniors age 62+
 - Single parents with minor children
 - Last residential address must be a Scottsdale address within the last six months
 - Participants must be able to complete activities of daily living tasks on their own

Note: any persons who are struggling from a substance abuse disability, are chronically homeless, are not a legal resident, or are from “The Zone” are not eligible for the Scottsdale Bridge Housing Program.





HISTORY OF BRIDGE HOUSING PROGRAM

AZ Department of Housing Funding

AZ Department of Housing	\$940,000	
Bridge Housing	(\$37,296)	10 Hotel Rooms Aug/Sep 2023
9/13/2023 Contract	(\$499,933)	10 Hotel Rooms 10/1/23 - 9/30/24
Supportive Services	(\$199,680)	Contract w/ Community Bridges, Inc.
Nutrition	(\$8,700)	

TOTAL REMAINING **\$194,391** **MUST BE SPENT BY 9/30/24**

Contract Amendment **(\$190,000)** **5 Hotel Rooms 10/1/24 – 5/31/25**

\$4,391 Will be used for nutrition

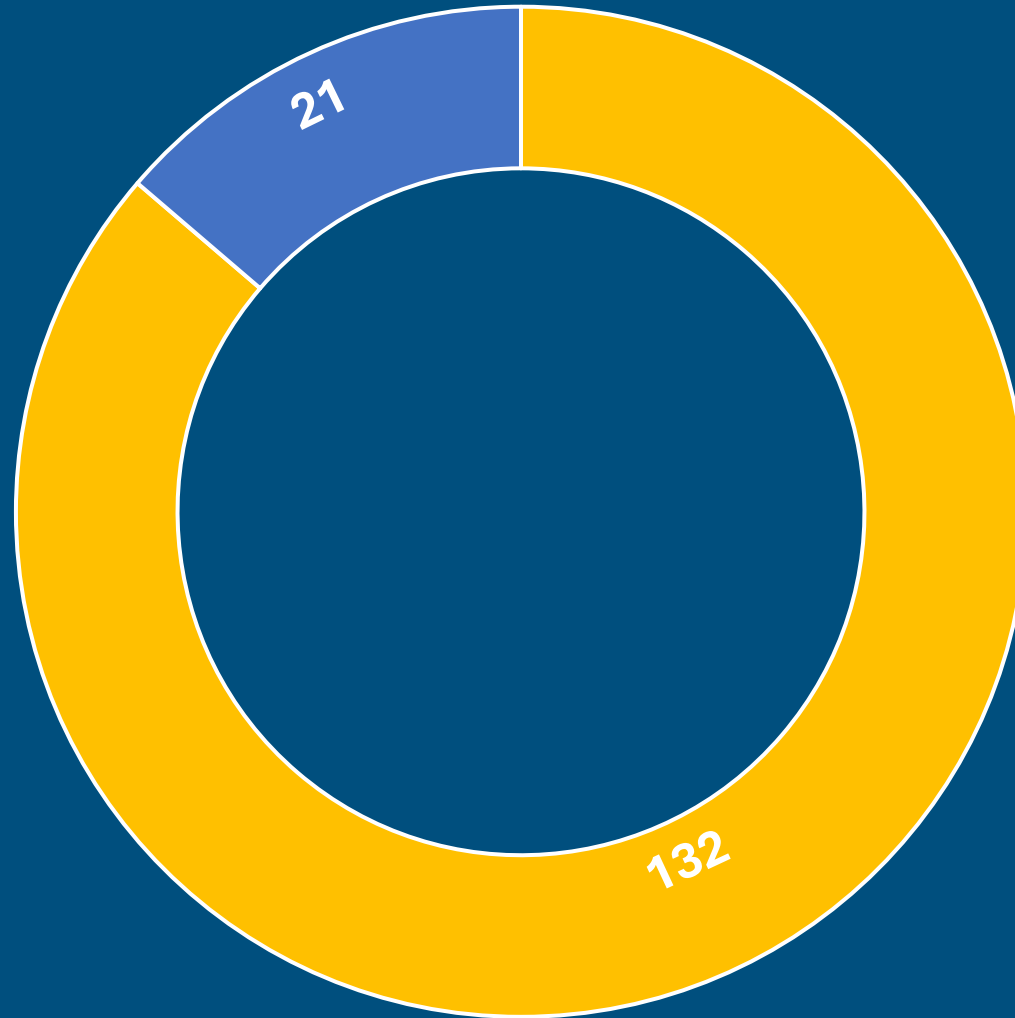


86%

Success
Rate

165

Total
Served

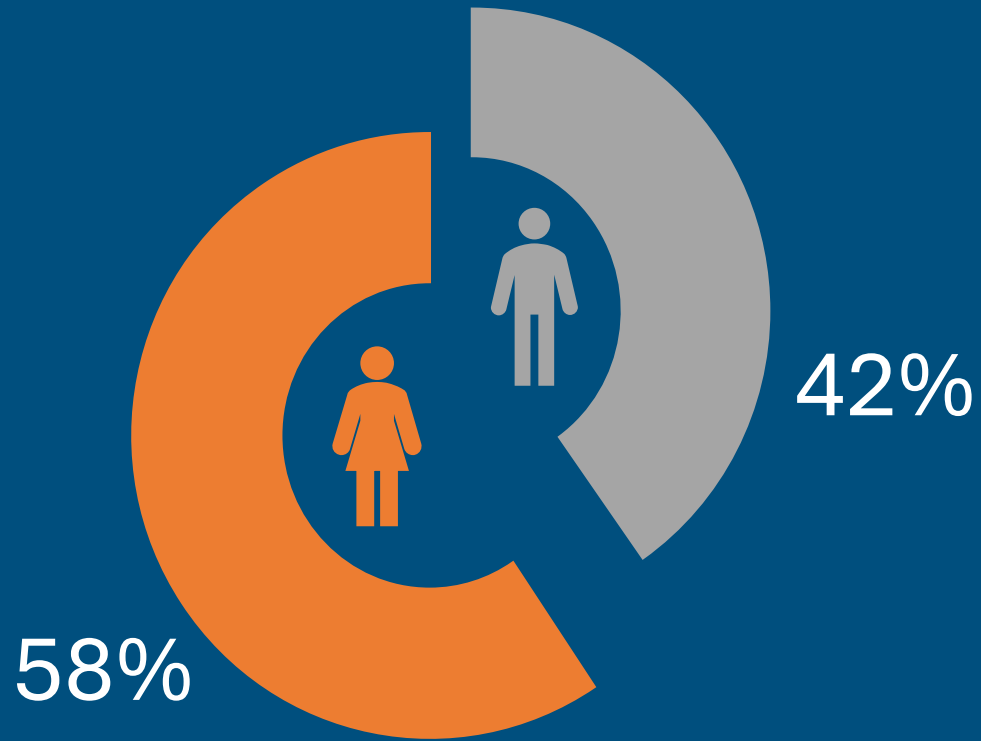
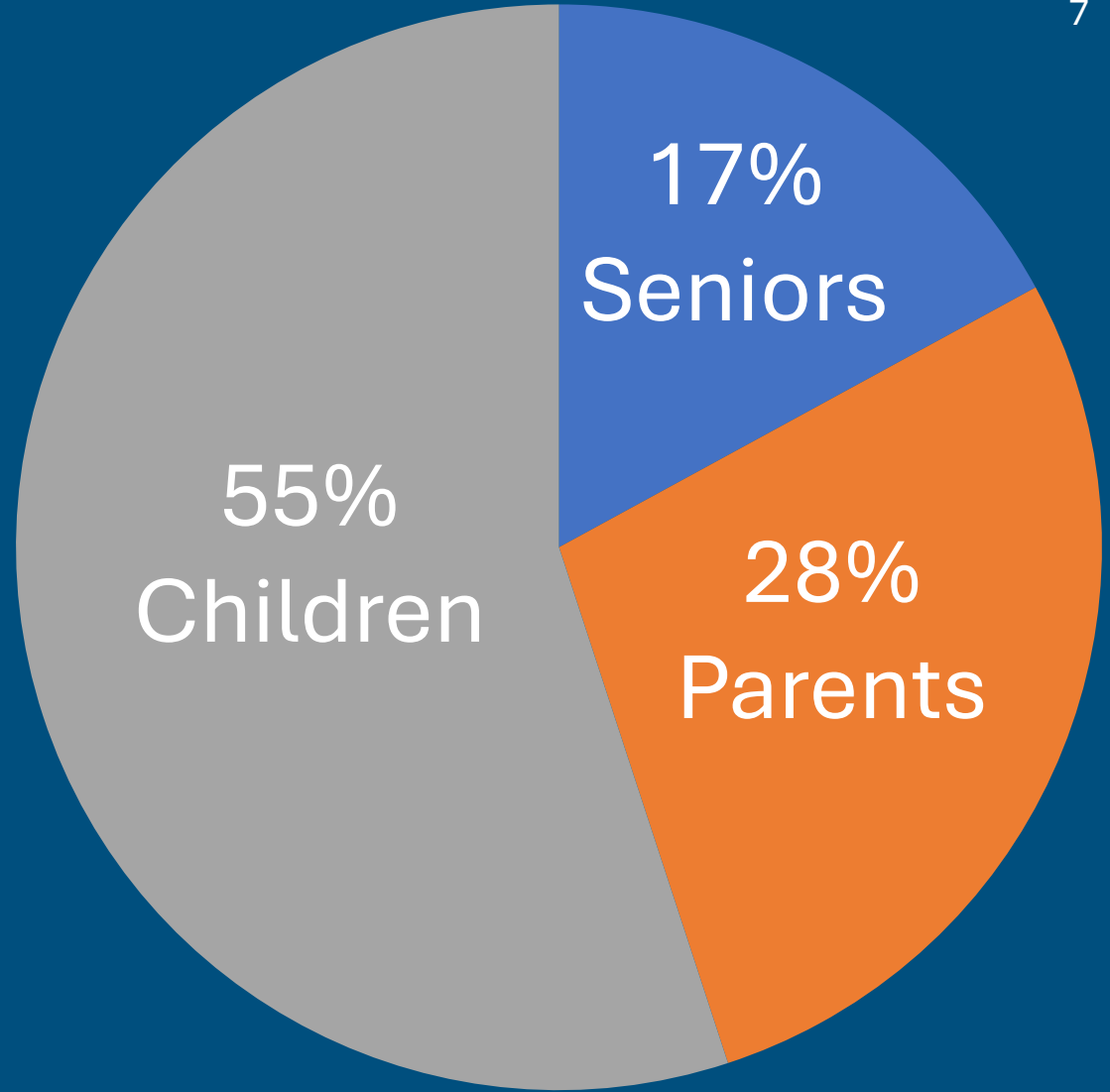


■ Successful Exit ■ Exit

74
Average Days

12
Currently in
Program

Demographics



Recent Success Story

A single mother and her three children faced homelessness after her work contract ended prematurely. Upon entering the Bridge Housing Program, the children were able to continue attending their SUSD schools, and the client secured full-time employment with an agency that provided housing for her and her children.

ACTION

ADOPT RESOLUTION NO. 13197

Contract No. 2023-129-COS-A1, the first amendment with Pengol Hospitality I, LLC, in the amount of \$190,000, for five hotel rooms from 10/1/2024 through 5/31/2025, for the provision of bridge housing to assist those in need.

The City Manager to execute any other documents and take such actions as necessary to carry out the intent of this Resolution and Contract.

From: P P <pap1510@yahoo.com>
Sent: Monday, August 19, 2024 11:23 PM
To: City Council
Subject: Regular Agenda Item # 6 on 8/21/2024 Council Meeting

⚠ External Email: Please use caution if opening links or attachments!

Dear Members of Scottsdale City Council,

The Agenda for the subject meeting shows the following text:

"6. Bridge Housing Program Agreement Amendment

Request: Adopt Resolution No. 13197 to authorize:

1. Contract No. 2023-129-COS-A1, the first amendment to the contract with Pengol Hospitality I, LLC, in the amount of \$190,000, for five hotel rooms from October 1, 2024 through May 31, 2025, for the provision of bridge housing to assist those in need.
2. The City Manager to execute any other documents and take such other actions as necessary to carry out the intent of this Resolution and Contract.

Presenter(s): Judy Doyle, Community Services Assistant Executive Director Staff Contact(s): Judy Doyle, Community Services Assistant Executive Director, 480-312-269"

Examining the details in the above item shows that it covers 8 months of time, which equates to about 240 days of rental time, for five hotel rooms, which therefore equates to 1200 hotel room nights.

At a total cost of \$190,000, this equates to about \$158.32 per night for each room. While I realize that about half of this time frame is "prime time" for the local hotel industry, the other half is, at best, "shoulder season" for the local hotel industry.

Therefore, the cost for this contractual Bridge Housing Service seems excessive when looked at on a per night cost. Heck, for \$190,000 I might consider having a few guests for 8 months in my house.

While I applaud the intent of this resolution, before approving this agenda item I would ask the Council Members, especially those of you who tout fiscal prudence, to have the staff justify this high cost and explain why it was not negotiated to a lower amount.

Sincerely,
Peter Petrinovic

From: notifications@cognitoforms.com on behalf of City of Scottsdale
<notifications@cognitoforms.com>
Sent: Tuesday, August 20, 2024 12:12 PM
To: Cordova, Rommel
Subject: City Council Public Written Comment Form - Charles Feeley

⚠ External Email: Please use caution if opening links or attachments!

City of Scottsdale

Web Scottsdale City Council Meeting Written Comment Form

[Open Form](#)

Entry Details

Agenda Item	
MEETING DATE	8/21/2024
WHICH AGENDA ITEM WOULD YOU LIKE TO COMMENT ON?	06. Bridge Housing Program Agreement Amendment
Name	
FULL NAME	Charles Feeley
NAME OF GROUP OR ORGANIZATION	Independence 47 Hotel
Contact Information	
PHONE	(508) 641-2851
EMAIL	ind47hotelgm@gmail.com

ADDRESS

7330 N Pima rd.

CITY

Scottsdale

Comment

COMMENT

My name is Charlie and I am the hotel manager. We have enjoyed our partnership with the City of Scottsdale on this bridge program. For the last 2 years, we have housed clients at the hotel and have had zero issues with their clients. Anything that has come up, has been handled immediately with the case workers who are doing a great job. We would like to continue the program and our partnership with the city. Thank you.