



## CITY OF NORMAN, OK STAFF REPORT

---

**MEETING DATE:** 10/8/2024

**REQUESTER:**

**PRESENTER:** Anthony Purinton, Assistant City Attorney

**ITEM TITLE:** CONSIDERATION OF ADOPTION, REJECTION, AMENDMENT AND/OR POSTPONMENT OF RESOLUTION R-2425-53: A RESOLUTION OF THE COUNCIL OF THE CITY OF NORMAN DIRECTING STAFF TO TERMINATE CONTRACT K-2223-56, A SERVICE AND LEASE AGREEMENT WITH FOOD AND SHELTER, INC. FOR OPERATION OF AN EMERGENCY OVERNIGHT SHELTER, PURSUANT TO ITS TERMS.

---

### **BACKGROUND:**

On October 11, 2022, the City of Norman entered into a contract with Food and Shelter, Inc. ("F&S") to operate an emergency overnight shelter on City-owned property, located at 109 W. Gray Street. The original term of the contract was only for the winter season, ending on March 31, 2023. Based upon feedback from City Council during the March 9, 2023, Oversight Committee, an amendment brought forward and approved by Council during its regular meeting on March 28<sup>th</sup>, 2023, which extended the contract an additional three months, with an end date of June 30, 2023. Another three-month extension was brought forward for Council consideration on its June 27<sup>th</sup>, 2023 regular meeting, but the proposed three-month extension was amended on the floor to make the contract's term indefinite on a month-to-month basis. This second amendment (as amended on the floor) was approved by Council.

During City Council's study session Meeting on May 21<sup>st</sup>, 2024, Council discussed several potential amendments to Contract K-2223-56 based upon findings by Shaakira Calnick, City Auditor, as a result of her ongoing audit of the contract. After that meeting, City staff attempted to negotiate a new contract with F&S to resolve the issues identified in the audit. After several months of attempted negotiation, City staff received notice from the F&S board stating that F&S rejected the draft contract, but would operate the shelter until another contractor is found.

Staff briefed City Council of the notice from F&S during a study session on September 24<sup>th</sup>, receiving direction to seek clarification of F&S's position and to continue searching for a new shelter contractor. On September 30<sup>th</sup>, City staff and Councilmembers Montoya, Dixon, and Grant met with the executive director and board members from F&S. F&S clarified that they would only agree to operate the shelter until a new contractor was found, but no later than March 31, 2025 (the end of the 2024-2025 winter season). Although F&S indicated it would consider entering into a new agreement with the City for the remainder of F&S's operation, Staff received notice on October 1<sup>st</sup> that F&S objected to certain contract terms as proposed in the draft

contract. Those provisions related to shelter security, the City's audit rights, the City's right to recoup funds found improper by future audits, and a requirement for F&S to have a dedicated bank account for project expenses.

At the subsequent City Council study session that same day, Staff presented F&S's objections to the proposed new contract language. City Council provided feedback indicating that the terms proposed by the City relating to security, audit rights, and recoupment were necessary for the continued operation of the shelter. Based on this feedback, Staff redrafted the proposed contract for F&S's review and consideration. Although F&S's board could not obtain a quorum to formally approve or deny the proposed contract before the City's next meeting, F&S's board president stated that he had made contact with each of F&S's board members one-on-one and that the board's position would likely be as follows:

"It was also clear there is no majority support to approve the revised contract you presented. Our board wishes to continue under the existing agreement we've been operating under since 2022 until a new operator can be found or until March 31, whichever comes sooner. I thought it appropriate to share this information with you now so you can plan accordingly."

#### **DISCUSSION:**

Based on F&S's apparent refusal to enter into a new agreement and feedback from City Council during the October 1st study session, Staff has prepared two resolutions for Council's consideration. This resolution, R-2425-53, would direct staff to effectuate the termination of the current agreement with F&S pursuant to the agreement's terms. The second resolution, R-2425-54, would appropriate funds for contract payments for the period starting at the beginning of the fiscal year until the proposed termination on November 8<sup>th</sup>.

Contract K-2223-56 provides three means of contract termination. In particular, the contract allows the City to unilaterally terminate the agreement for any reason, with or without cause, upon thirty (30) days written notice. If this resolution is approved, Staff will notify F&S of the termination, resulting in the contract's termination, effective Friday, November 8<sup>th</sup>.

It should be noted that approval of this resolution would not prevent the City from considering a new contract with F&S for operation of the shelter at a later date, if F&S's decision changes.

#### **RECOMMENDATION:**

City Staff hereby presents R-2425-53 for consideration by City Council.