

# Memorandum



CITY OF DALLAS

DATE August 23, 2024

Honorable Members of the Government Performance and Financial Management  
TO Committee: Chad West (Chair), Paula Blackmon (Vice Chair), Cara Mendelsohn, Jesse  
Moreno, and Jaime Resendez

SUBJECT **Family Gateway Property Damage**

In December of 2020, the City purchased a former hotel located in District 12<sup>1</sup> for the purpose of providing emergency shelter and transitional housing for families with children experiencing homelessness. In response to a solicitation issued by the Office of Homeless Solutions (OHS), the City Council awarded a contract on June 23, 2021 to Family Gateway for property management and supportive services for guests. The contract was extended on September 27, 2023 to add \$700,000 for operations and services and will expire on September 30, 2024. At that time, the Facility Use Agreement approved by the City Council on May 25, 2022 will go into effect. This agreement allows Family Gateway to continue using the premises to serve the City's public purpose to provide housing and services for families experiencing homelessness. Family Gateway has the option to purchase the building after year one of the first 10-year term.

On June 3, 2024, Family Gateway reported a roof leak at the property attributed to the late May windstorm to OHS who, in turn asked the Facilities and Real Estate Management (FRM) Department to assess and repair the roof. A notice to proceed was issued to the City's vendor for the roof assessment and repair on June 28, 2024. The assessment and repairs were made on July 3 and 5, 2024. The City's vendor recommended that the roof be replaced due to the extensive damage. FRM concurred with the recommendation and began preparing the required documents for roof replacement.

In addition to the roof leak, Family Gateway reported water damage to OHS on June 26, 2024. On July 25, 2024, they reported visible mold on the first floor forcing the closure of childcare services. FRM staff and a vendor were dispatched to the property to conduct mold testing in locations identified by Family Gateway staff. Results from testing conducted in seven locations on August 1, 2024 confirmed the presence of mold in the childcare area on the first floor and two guest rooms on the second floor. OHS advised Family Gateway of the test results on August 2, 2024 and offered to assist with the relocation of affected guests to a hotel. Family Gateway declined this offer and chose to move the guests to other rooms at the property. The City's vendor began mold remediation in the first-floor room on August 5, 2024.

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<sup>1</sup> Property address is removed to protect the privacy of families served at the site

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Given the escalation of needed repairs, OHS and FRM consulted the City Attorney's Office regarding the parties' contractual obligations, then reached out to the Office of Risk Management (ORM) to discuss filing a property claim. ORM notified the City's insurance carrier of a claim for the damages at the Family Gateway property resulting from the May 2024 storm.

The insurance adjustor completed a preliminary inspection on August 16, 2024, with a full inspection done on August 21, 2024. The insurance adjustor authorized the City to resume the mold abatement. Once the City provides the report for reconstruction related to the mold abatement, the insurance adjustor will review for claim consideration. The City has submitted the roof report and proposal to the insurance adjustor for review and claim consideration. Staff are awaiting the adjustor's authorization to begin roof repairs. Please note that at this time, the City has not reached its insurance deductible.

Should you have any questions, please contact me or Christine Crossley, Director, Office of Homeless Solutions at [christine.crossley@dallas.gov](mailto:christine.crossley@dallas.gov).

Service First, Now!



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