



A Tradition of Stewardship  
A Commitment to Service

Agenda Date: 11/25/2008  
Agenda Placement: 9F  
Set Time: 11:00 AM  
Estimated Report Time: 20 Minutes

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** Robert Peterson - Director  
Public Works  
**REPORT BY:** Robert Peterson, Director of Public Works - 253-4351  
**SUBJECT:** Lease-Option Agreement for 1098 Jordan Lane

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### **RECOMMENDATION**

Director of Public Works and Director of Health and Human Services request to reconfirm approval of a Lease-Option to Purchase agreement with Anthony D. Carafa Sr. and Karen J. Schoenfeld, as Trustees of the Carafa and Schoenfeld Family Trust, for a maximum lease payment of \$10,000 for the term November 18, 2008 through April 17, 2009, and an option to purchase cost of \$1.6 million, for the real property located at 1098 Jordan Lane (Assessor's Parcel Number 044-230-006-000) for use as a Winter Homeless Shelter and site for other Health and Human Services programs.

### **EXECUTIVE SUMMARY**

This proposed lease-option agreement provides for an immediate site to accommodate the needs of the homeless during the winter season. It also provides a potential opportunity to make this a permanent site location for the winter homeless shelter, and other Health and Human Services functions during the non-winter seasons if the Option to Purchase is exercised by the County. The agreement also allows the Lessor to continue to market the premises for sale, with the County having the first right of refusal of any other offer the Lessor receives during the option period.

Public Works will provide immediate modifications as identified by the Fire Marshall to allow this facility to operate as a Winter Homeless Shelter. It anticipates these modifications will be made within four days of approval of the agreement.

During the lease-option period, County staff will perform additional due diligence to determine the cost of additional capital improvements that might be needed to provide for other Health and Human Services programs if the County decides to exercise its Option to Purchase. County staff will strive to identify revenue sources for the potential purchase during the lease-option time period. The General Fund will not be relied on in the event of a

purchase.

On November 18, 2008 the Board of Supervisors approved this lease-option agreement. The requested action today is to reconfirm that action.

### **PROCEDURAL REQUIREMENTS**

1. Staff reports.
2. Public comments.
3. Motion, second, discussion and vote on the item

### **FISCAL IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Capital Improvement Program - Tenant Improvements Social Services - Lease Costs
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	This proposed lease-option agreement provides for an immediate site to accommodate the needs of the homeless during the winter season. There is also a potential opportunity to make this a permanent site location for that purpose, and for other Health and Human Services functions if the Option to Purchase is exercised.
Is the general fund affected?	Yes
Future fiscal impact:	If the County does not implement the Option to Purchase, there will be no future fiscal impact. If the County does implement the Option to Purchase, future fiscal impact will include the cost to maintain, operate and improve this facility. This estimate will be developed during the option time period.
Consequences if not approved:	Another site will have to be secured for the Winter Homeless Shelter.
Additional Information:	

### **ENVIRONMENTAL IMPACT**

**Categorical Exemption Class 1:** It has been determined that this type of project does not have a significant effect on the environment and is exempt from the California Environmental Quality Act. [See Class 1 ("Existing Facilities") which may be found in the guidelines for the implementation of the California Environmental Quality Act at 14 CCR §15301; see also Napa County's Local Procedures for Implementing the California Environmental Quality Act, Appendix B.]

**BACKGROUND AND DISCUSSION**

On November 4, 2008, the Board approved the adoption of a Resolution declaring a shelter crisis and approval of an Agreement with Community Action of Napa Valley, Inc. for the operation of the winter shelter. Over the past six years, the County had operated a winter shelter at the Napa State Hospital (NSH) grounds. The use of NSH facilities is no longer an option. At the time of the adoption of the Resolution staff was still looking for a facility that would be suitable to serve as the winter shelter.

A local shortage of housing for low-income families has created a greater need for individuals seeking shelter. The winter shelter will accommodate individuals at least 18 years of age who have traditionally not made use of existing shelter resources. Individuals using the winter shelter are not required to participate in programming and planning; they must simply agree to live by house rules. The shelter will operate daily from 5:30 p.m. to 7:30 a.m. In the future other Health and Human Services programs may be operated at this location if the County exercises its Option to Purchase.

The terms of the proposed lease-option include the following:

- | Rental amount shall be Two Thousand dollars (\$2,000) per month.
- | Lessee may exercise the Option to Purchase for \$1.6 million by delivering 30 days written notice to Lessor/Seller at any time during the term of this Lease.
- | Closing shall occur on or before the 60th day following County's exercise of the Option, or if such day is not a Business Day, on the next Business Day thereafter.
- | If purchase occurs after the initial lease period, Lessor/Seller shall have the right to increase the monthly rent to \$4,000 during the holdover period.
- | During the term of the Lease Agreement, the Lessor/Seller will continue to be able to market the Leased Premises for sale and Lessee agrees to allow reasonable access to the Leased Premises for potential buyers to view the property.
- | The Lessee will have a first right of refusal of any other offer the Lessor/Seller receives during the option period.
- | If the Lessor/Seller receives an acceptable offer from another party, Lessor/Seller will notify the Lessee in writing and provide 30 days for the Lessee to exercise its option.

Public Works will conduct a further facility evaluation during the option period to determine what capital improvements will be necessary to accommodate HHS programmatic needs if the County decides to exercise its Option To Purchase. Staff will make a recommendation whether to exercise the Option To Purchase provision once they have identified what revenue sources, other than the General Fund, may assist in the purchase of this facility, and what additional capital and operating costs are required in addition to the purchase price. The proposed purchase price is consistent with a real estate appraisal made in April 2008 for loan underwriting purposes.

On November 18, 2008 the Board of Supervisors approved this lease-option agreement. The requested action today is to reconfirm that action.

**SUPPORTING DOCUMENTS**

None

CEO Recommendation: Approve

Reviewed By: Maiko Klieman