



Agenda Date: 5/22/2007
Agenda Placement: 6M

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Watt, Nancy - County Executive Officer
County Executive Office
REPORT BY: Karen Gratton, Senior Management Analyst , 259-8748
SUBJECT: Settlement Agreement with Napa Valley Housing Authority and other entities

RECOMMENDATION

County Executive Officer requests the following:

1. Approval of and authorization for the Chair to sign the following agreements:
 - a. Napa Valley Housing Authority Farmworker Housing Settlement Agreement to cover a portion of the Total Cost Overages of \$2,228,711 for the renovation of the Calistoga and Mondavi Farmworker Centers;
 - b. Amendment No. 1 to Funding Agreement No. 6684 with the Napa County Housing Authority (NCHA) increasing the amount by \$225,000 for a new maximum of \$335,000 for funding the the Napa Valley Housing Authority Farmworker Housing Settlement Agreement (\$185,904) and for professional services related to center operations; and
2. Approval of Budget Transfer No. 68 appropriating an additional \$225,000 in the County Contributions budget to fund Amendment No. 1 to Agreement No. 6684 and reducing the General Fund Contingency by an equivalent amount. (4/5 vote required)

EXECUTIVE SUMMARY

The Napa Valley Housing Authority (NVHA) is a joint powers authority formed for the purpose of providing safe and sanitary dwelling conditions for person of low income including three migrant farmworker housing centers. The Mondavi Center and Calistoga Center recently underwent renovations and upgrades. The renovations had significant cost overages due to various issues. Representatives of each party met and conferred in good faith in order to clarify available alternatives and to document a resolution of the disputes in a manner that best represents the public interests of each of the public entities.

In broad terms, the settlement identifies a total cost overrun of \$2,228,711 with anticipated additional grant revenues of \$1,671,000 for a Remaining Cost Overage of \$557,711. The \$557,711 is to be paid one-third by the City of Napa, one-third by the County, and one-third by the remaining member agencies of the NVHA (\$46,476 each from American Canyon, Calistoga, St. Helena and Yountville). The proposed action includes approval of the

Settlement Agreement and an amendment to the funding agreement with the Napa County Housing Authority which is the mechanism for payments to the NVHA. Additionally, a budget transfer to fund the County's portion of the Settlement Agreement and other professional services related to center operations for the remainder of the fiscal year is included in the proposed action.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	General Fund Appropriations for Contingencies leaving a remaining balance of \$4,647,213.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Staff from the member agencies have met and conferred to resolve the cost overages in a manner that best represents the public interest. There is a recognition that the appropriate resolution is best served by the proposed Settlement Agreement as opposed to the costly process involved with litigation.
Is the general fund affected?	Yes
Future fiscal impact:	None.
Consequences if not approved:	Since staff from the other member agencies have recommended approval of the Settlement Agreement to their respective boards, it is likely that the County would be the only entity to deny finalization if not approved today.

Additional Information:

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The Napa Valley Housing Authority (NVHA) is a joint powers authority formed for the purpose of providing safe and sanitary dwelling conditions for person of low income. The member agencies of the NVHA are the City of American Canyon, the Napa County Housing Authority and the housing authorities of the cities of St. Helena and Calistoga and the Town of Yountville. NVHA operates three centers for migrant farm worker housing including River Ranch Center, Calistoga Center and Mondavi Center. The Mondavi Center and Calistoga Center recently underwent renovations and upgrades. The renovations had significant cost overages requiring change orders on the underlying construction contracts due to various issues. For both projects combined there is a Total Cost Overage of \$2,228,711.

The reasons for the additional work and the cost overages and a determination of the parties responsible for payment of the overages are currently in dispute. However, representatives of each party met and conferred in good

faith in order to clarify available alternatives and to document a resolution of the disputes in a manner that best represents the public interests of each of the public entities. There is recognition that the appropriate resolution of the disputes are best served by a Settlement Agreement as opposed to the costly process involved with litigation.

Staff from the City of Napa and the County have negotiated terms of a proposed Settlement Agreement. In broad terms, the settlement identifies a total cost overrun of \$2,228,711 with anticipated additional grant revenues of \$1,671,000 for a Remaining Cost Overage of \$557,711. The \$557,711 is to be paid one-third by the City of Napa, one-third by the County, and one-third by the remaining member agencies of the NVHA (\$46,476 each from American Canyon, Calistoga, St. Helena and Yountville).

Farmworker housing does fill a need for our local farmworkers which is the nexus for the County to contribute financially to resolving the issues associated with cost overruns. The City of St. Helena approved the Settlement Agreement on May 8, 2007. The NVHA approved the Settlement Agreement on May 14, 2007 and authorized the Chair to execute the Agreement contingent upon approval and execution by the other entities. The City of Napa will review the agreement on May 15, 2007. Calistoga and American Canyon will review the agreement on May 17, 2007.

The proposed action includes appropriations to fund the Settlement Agreement as well as funding for other professional services related to center operations for the remainder of the fiscal year.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Molly Rattigan