



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: General Services/
Behavioral Wellness
Department No.: 063
For Agenda Of: August 16, 2022
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from: N/A
Vote Required: Majority

TO: Board of Supervisors
FROM: General Services Janette D. Pell, Director (805) 560-1011
Behavioral Wellness Toni Navarro, Director (805) 681-5233
Contact Info: Skip Grey, Assistant Director, General Services (805) 568-3083
Laura Zeitz, Div. Chief Placement/PHF Admin, Behavioral
Wellness (805) 681-4943

SUBJECT: Exclusive Right to Negotiate for County's Acquisition of an Administrative Office Building located at 315 W. Haley Street in Santa Barbara; First District

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions: That the Board of Supervisors:

- a) Elect to extend the term of the Exclusive Negotiations Agreement between the County of Santa Barbara ("County") and PathPoint ("Owner") for an additional period of six months, which will grant the County exclusive rights to negotiate with the Owner for the acquisition of real property and enable County staff to continue applying for competitive grant funds and/or other financing for that acquisition, and direct staff to notify Owner of such election;
- b) Determine that the proposed action is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15004(b)(4), finding that the actions consist only of a pre-approval or preliminary agreement that: conditions any further agreement on compliance with CEQA; does not bind any party or commit the County to any definite course of action prior to CEQA compliance; does not restrict the County or any lead or responsible agency from considering any feasible mitigation measures and alternatives, including the "no project" alternative; and does not restrict the County or any lead or responsible agency from denying the project.

Summary Text:

On April 5, 2022, this Board approved and authorized the Chair to execute an Exclusive Negotiations Agreement (“Agreement”) between the County and Owner (Attachment 1), which granted the County exclusive rights to negotiate for the acquisition of real property located at 315 W. Haley Street in Santa Barbara (“Property”) for an initial term of six (6) months plus an option to extend the term for an additional six (6) months at the Board’s sole discretion. The Agreement was executed on April 5, 2022, and will terminate on October 4, 2022, unless the Board exercises its right to extend the term through April 4, 2023. Staff recommend that the Board exercise this right to extend in order to allow additional time for staff to: apply for grant funding for property acquisition and renovation costs; commence due diligence investigations; and negotiate acquisition terms with the Owner. Once funds are obtained and negotiations begin, staff will return to the Board for approval of a purchase agreement or to request the Board’s further direction.

Background:

Property

The Property is located in the City of Santa Barbara and consists of an 8,560-square-foot office building on a rectangular-shaped, 10,890 square foot lot with C-R (Commercial Restricted) zoning (Assessor Parcel Number 037-192-001). Property Owner PathPoint, a California Nonprofit Public Benefit Corporation, uses the Property as its corporate headquarters and to provide behavioral health and community care services. Owner also leases one first floor office space to an unaffiliated third-party, which includes approximately 660 square feet and 3 unassigned parking spaces, at a current monthly rent of \$1,906.20. The lease expires on October 31, 2024, and there are no remaining options to extend the term.

The Owner also holds an existing access and parking easement and lease agreement over a portion of adjacent real property at 319 West Haley Street, which is owned by the City of Santa Barbara. The Owner pays rent in the amount of \$37,670.28 per year for use of the parking lot. The easement and lease agreement originated in 1983 and terminates on September 19, 2035.

Potential County Uses of the Property

BeWell’s Homeless Services, Justice Alliance and Assertive Community Treatment (ACT) teams (“BeWell Programs”) provide mental health and substance abuse services from a leased location on De La Vina Street (“De La Vina Clinic”). The De La Vina Clinic has 4,225 square feet of office space and is leased through December 31, 2024. Monthly rent, including common area operating expenses and a proportionate share of property maintenance and repairs, is \$15,076.88 and subject to an annual fixed 3% increase.

There is strong community demand for BeWell’s services and BeWell Programs are quickly growing beyond current facility capacity. BeWell staff desire to expand services and treatment opportunities focused on children, youth to age 25, and their families, including prevention and early intervention programs, in order to meet current and future community needs, yet there is no room to accommodate any expansion at the De La Vina Clinic or other BeWell facilities. Staff also wish to provide services in a more central location to the high-density service population in the downtown corridor near Mission and De La Vina Streets and within easy access to public transportation and close proximity to schools.

At 8,560 square feet, the Property is just over twice the size of the De La Vina Clinic and, therefore, presents an opportunity for BeWell to not only meet current demand, but to expand its services and treatment opportunities including those for homeless individuals, a Medically Assisted Treatment (MAT) program for substance use issues, and a transition-age youth drop-in center to serve individuals ages 12-25. The Property

is located in BeWell's preferred downtown location and would also allow the County to transition from a costly leased location to a permanent County-owned facility.

BHCIP Competitive Grant Funding:

The California Department of Health Care Services (DHCS) developed the Behavioral Health Continuum Infrastructure Program (BHCIP) as a funding mechanism to address mental health and substance use services infrastructure needs. BHCIP Round 4 funding is dedicated to projects that have a minimum level of project readiness and address a significant gaps in behavioral health (mental health and substance use disorders) facilities for children and youth in California. The Property is currently utilized by Owner for services similar in nature to County's proposed services and, while there are a number of renovations that will improve the functionality of the Property, BeWell and General Services consider this location to be a strong candidate for BHCIP Round 4 funding.

The Property would provide BeWell with a centrally located facility in Santa Barbara that would support services that directly align with all eight priorities outlined by DHCS for BHCIP funding:

1. Invest in behavioral health and community care options that advance racial equity;
2. Seek geographic equity of behavioral health and community care options;
3. Address urgent gaps in the care continuum for people with behavioral health conditions, including seniors, adults with disabilities, and children and youth;
4. Increase options across the life span that serve as an alternative to incarceration, hospitalization, homelessness, and institutionalization;
5. Meet the needs of vulnerable populations with the greatest barriers to access, including people experiencing homelessness and justice involvement;
6. Ensure care can be provided in the least restrictive settings to support community integration, choice and autonomy;
7. Leverage County and Medi-Cal investments to support ongoing sustainability;
8. Leverage the historic state investments in housing and homelessness.

Exclusive Negotiations Agreement and Future Purchase Agreement:

The Agreement provides the County with an opportunity to exclusively negotiate with the Owner for acquisition of the Property and to demonstrate site control of the Property as required by BHCIP and other grant funding sources. The County will not be obligated to purchase the Property unless and until funding has been secured and the parties have negotiated, executed and delivered a mutually acceptable purchase agreement. Any such purchase agreement would become effective only after such agreement has been considered and approved by the County Board of Supervisors. The purchase agreement will include the following requirements:

- Compliance with the California Environmental Quality Act (CEQA);
- Determination of conformity with California Government Code §65402 by the City of Santa Barbara;
- An appraisal report prepared by an independent licensed appraiser;
- Title and encumbrance review;
- Evaluation of existing tenant's rights and potential relocation costs; and
- Review of the parking easement and lease agreement with the City of Santa Barbara, including a potential extension of such agreement.

Performance Measure:

BHCIP is entering its fourth round of funding. Applications for Round 4: Children and Youth projects are due August 31, 2022, and awards will be announced in October 2022. Awarded grant funds must be fully expended by 2027.

Approval of the 6-month extension would enable the County to apply for BHCIP funding for the Property, begin due diligence investigations and negotiate with the Owner for acquisition of the Property. If the County is selected by DHCS to receive a BHCIP grant award, funds do not need to be repaid, but the County would be required to commit to a service and building use restriction on the Property for a 30-year period. DHCS will monitor the County's use of the Property for compliance with the grant award and BeWell will be required to submit periodic progress reports in connection with a DHCS-approved timeline, statement of work, and budget as well as other reporting requirements.

Contract Renewals and Performance Outcomes: N/A

Fiscal and Facilities Impacts:

Budgeted: N/A. The recommended actions are not committing the County to any acquisition of land nor is the County under any obligation to enter into any agreement that may result from the negotiations for purchase.

Fiscal Analysis:

N/A. If the County and Owner meet the conditions of the Agreement within the six-month extension period and successfully negotiate a mutually acceptable agreement, a future recommended Board Action may be to enter into a purchase agreement at or below fair market value, as determined by an appraisal report prepared by a professional appraiser. The extension recommended for approval in this Board Letter has no fiscal impact.

Key Contract Risks:

If the conditions of the Agreement are met, including without limitation securing BHCIP grant funding, and if the parties successfully negotiate a mutually acceptable agreement, the County may then acquire the Property. The County will agree to restrict the use of the Property for a period of 30 years in accordance with BHCIP requirements and BeWell will monitor the provision of services and report to DHCS as required by the grant award.

Staffing Impacts:

The current requested activity falls within currently budgeted staff duties.

Special Instructions: After Board action, please send a copy of the Minute Order to:

- Susan Freebourn, General Services Real Property Division
- Laura Zeitz and Evelyn Zuroske, Behavioral Wellness

Attachments:

1. Exclusive Negotiations Agreement
2. CEQA Notice of Exemption