

SANTA BARBARA COUNTY BOARD AGENDA LETTER



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

Agenda Number:
Prepared on: June 14, 2006
Department: General Services
Budget Unit: 063
Agenda Date: August 8, 2006
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Bob Nisbet, Director (560-1011)
General Services Department

STAFF CONTACT: Paddy Langlands, Assistant Director (568-3096)
Support Services Division

SUBJECT: 212 Carmen Lane, Santa Maria - Real Property Sale Contract
and Escrow Instructions
Fifth Supervisorial District

Recommendations:

That the Board of Supervisors:

- a) Adopt the Resolution of Intent to Purchase the property located at 212 West Carmen Lane, in Santa Maria; and
- b) Execute the Real Property Sale Contract and Escrow Instructions, in duplicate, between and the County of Santa Barbara and B3, LLC, a California limited liability company to acquire the 10,000 square foot office building located at 212 West Carmen Lane, in Santa Maria, also known as Assessor Parcel No. 117-483-007, in the amount of \$2,375,000, and authorize the Director of General Services, or designee to initial various provisions therein on behalf of the County; and
- c) Approve the Notice of Exemption pursuant to the California Environmental Quality Act (CEQA) guidelines regarding the purchase of and improvements to the 10,000 square foot office building located at 212 West Carmen Lane, in Santa Maria; and
- d) Adopt a Resolution authorizing the County Treasurer-Tax Collector to execute a Lease and Leaseback Agreement in a form substantially similar to that provided herewith, with the County as Lessee, and Calcase Public Funding Corporation as Lessor, in the amount of \$2,400,000 to be used for the purchase price and associated escrow fees, with respect to the Lease and Leaseback of the building to be used by the Alcohol, Drug, & Mental Health Services Department; and the associated Escrow Agreement among Calcase Public Funding Corporation, the County of Santa Barbara, and the Escrow Agent to be named therein; and
- e) Direct the County Treasurer – Tax Collector, County Auditor – Controller, County Counsel, and General Services to proceed with all actions necessary to execute the Lease and Leaseback Agreement; and

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- f) Authorize the Treasurer – Tax Collector, in consultation with the Debt Advisory Committee, to abandon the execution of the Lease and Leaseback Agreement if market conditions are deemed to have become financially unfavorable; and
- g) Approve the Budget Revision allocating funds in the sum of \$1,486,000 from the Strategic Reserve and allocating funds in the sum of \$714,200 from ADMHS (Tobacco Settlement Advisory Committee \$314,200 and Mental Health Services Act \$400,000) in the total amount of \$2,200,200 to be transferred to the Cumulative Capital Out Lay Fund 30, and recognize the lease finance proceeds of \$2,400,000 from CaLease Funding Corporation along with the appropriation for the building acquisition of \$2,375,000 and costs of acquisition of \$25,000 in Fund 30.

Alignment with Board Strategic Plan:

The recommendations are primarily aligned with Goal No. 1: An efficient government able to respond effectively to the needs of the community.

Executive Summary and Discussion:

The County's Department of Alcohol, Drug, and Mental Health Services (ADMHS) has a current need for office space in the North County from which to operate a mental health crisis intervention facility. The space needs for that program, known as Crisis and Recovery Emergency Services ("CARES"), are identified in the 2005 – 2010 County of Santa Barbara Capital Improvement Plan. ADMHS has explored the possibility of using suitable existing County-owned or County-leased space for the program. However, none exists at this time.

ADMHS, in conjunction with General Services, has been searching for suitable space to lease or purchase that would accommodate the CARES program. This location at 212 West Carmen Lane, in Santa Maria, has been chosen because the location is convenient for the clients as well as the emergency services that will be utilizing the facility, and the building can be re-modeled to accommodate the program.

Several community outreach sessions have been conducted to inform the local community of the proposed purchase and use of the building. Support for the program has been overwhelming, with very little opposition. An application for a Conditional Use Permit has been heard and approved by the City of Santa Maria's Planning and Development Department. The attached Notice of Exemption has been reviewed and approved by the County's Real Estate Services Manager.

The Sale Contract provides for a purchase price of \$2,375,000.00 for the 10,000 square foot building, with an anticipated ninety-day escrow. The Seller is B3, a California Limited Liability Company, of Santa Maria. The purchase is conditioned on the County's approval and appropriation of the necessary funding through the Lease and Leaseback Agreement with CaLease Funding Corporation. The funding by CaLease will be amortized over twenty years. The County's semi-annual payment obligations under the Agreement will be approximately \$99,100, with a rate of 5.430%, subject to adjustment at the time of closing.

Once the purchase has been consummated, General Services will coordinate the required improvements to the building. The architectural firm of Ravatt Albrecht & Associates, Inc., has produced preliminary design plans and estimates to provide the improvements necessary to

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implement the CARES program. General Services will return to the Board for authorization to proceed with the bidding requirements for construction of the improvements.

Mandates and Service Levels:

Mental Health Services is mandated by the Welfare and Institutions Code, Section 5600. North County crisis services were identified by the Board of Supervisors as a top priority in June, 2003. Since then, ADMHS has worked diligently to contract with San Luis Obispo County for Psychiatric Health Facility bed use, entered into a collaborative relationship with Marian Medical Center to provide emergency room-based psychiatric services, and sought a suitable location and funding for a free-standing crisis stabilization facility serving those in either mental health, drug or alcohol distress. Based on usage patterns experienced in these interim programs, ADMHS projects to serve 1,000 residents annually and divert at least 300 from the Jail and 750 from hospitalizations and emergency rooms.

Facilities and Fiscal Impact:

This purchase will add a 10,000 square foot building to the County's capital assets. The building will be debt financed through the CaLease program at approximately 5.43% interest, amortized over twenty years. Revenues generated through the delivery of billable crisis intervention services, together with a \$5,000/month contribution from Marian Medical Center, will be used to fund the building purchase.

The capital improvements for the necessary remodel will be \$1.486 million from the strategic reserve and funds from ADMHS (TSAC and MHSA) in the amount of \$714,200 for a total sum of \$2.2 million. ADMHS will pursue future allocations from MHSA (requiring State approval) to transfer back to the strategic reserve.

Special Instructions:

After Board action, please post the Notice of Exemption for thirty days; publish the Resolution of Intent to Purchase in the Santa Maria Times for three successive Mondays; beginning Monday, August 14, 2006, through Monday, August 28, 2006, inclusive; execute one Original and six Duplicate Originals of the Resolution authorizing the County Treasurer-Tax Collector to execute a Lease and Leaseback Agreement; and distribute as follows:

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|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| 1. Notice of Exemption, both Original Resolutions and Original Sale Contract | Board's Official File |
| 2. Copy of both Resolutions, Duplicate Original Sale Contract, six Duplicate Original Lease and Leaseback Resolutions, and Minute Order | Don Grady, GS/Support Services Division |
| 3. Original Budget Revision | Auditor-Controller |
| 4. Copy of Budget Revision | Brian Duggan, GS/Financial Services |

Concurrence:

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Alcohol, Drug and Mental Health Services
Debt Advisory Committee

Attachments:

Resolution of Intent to Purchase

Real Property Sale Contract and Escrow Instructions (Original and Duplicate Original)

Notice of Exemption

Resolution authorizing the County Treasurer-Tax Collector to execute a Lease and Leaseback Agreement (Original and 6 Duplicate Originals)

Budget Revision

- Board Letter prepared by Don Grady, Office of Real Estate Services