



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: April 5, 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 Manager

As to form: Yes

Recommended Actions: That the Board of Supervisors:

- a) Approve and authorize the Chair to execute the original and duplicate original Exclusive Negotiations Agreement (“Agreement”) between the County of Santa Barbara (“County”) and PathPoint (“Owner”), which will grant the County, for a period of six (6) months, exclusive rights to negotiate in good faith with the Owner for the acquisition of real property and thereby enable the County to apply for competitive grant funds and other financing for the Project;
- b) Determine that the recommended actions are not the approval of a project that is subject to environmental review under 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, and direct staff to file a Notice of Exemption on that basis.

Summary Text:

The Behavioral Wellness Department (“BeWell”) has requested General Services’ assistance with the acquisition of real property located at 315 W. Haley Street in Santa Barbara (“Property”). The Property includes an 8,560-square-foot office building to be used for administrative office space and behavioral

health and community care services. BeWell proposes applying for funding through the Behavioral Health Continuum Infrastructure Program (BHCIP) to cover at least 90% of the cost of acquisition and renovations, utilizing ARPA funding for the remainder. In order to apply for this funding, the County must demonstrate site control, which may be evidenced by executing an Exclusive Negotiations Agreement.

County staff are returning to the Board for its approval and final execution of the Exclusive Negotiations Agreement (“Agreement”) to secure the County’s exclusive right to negotiate for the Property’s acquisition (Attachment 1). Upon the Board’s execution of the Agreement, staff will commence due diligence investigations, negotiate the terms of a purchase agreement with the Owner, and 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, acquired the property in 2011 from a private seller. Public records show an existing mortgage lien that originated in 2015 with a loan of \$1,326,000.

The Property is currently used by the Owner 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 of the Property 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 now has approximately thirteen (13) years remaining with a final termination date of 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 the BeWell Programs are quickly growing beyond current facility capacity. BeWell staff desire to expand services and treatment opportunities, including prevention and early intervention, 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.

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 and a Medically Assisted Treatment (MAT) program

for substance use issues. 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 3 funding is dedicated to projects that are considered "Launch Ready," which refers to projects that have been through a planning process and are ready for implementation. 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 considers the project "Launch Ready" and a good candidate for BHCIP 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.

Additionally, the Property will meet the licensing requirements for a Medicated-Assisted Treatment program for individuals challenged by substance use issues, which requires a separate entrance and exit point to help ensure client privacy.

Exclusive Negotiations Agreement and Future Purchase Agreement:

The Exclusive Negotiations Agreement provides the County with a period of six months to exclusively negotiate with the Owner for acquisition of the Property. 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 third round of funding. Applications for Round 3: Launch Ready projects are due March 31, 2022, and awards will be announced in June 2022. Awarded grant funds must be obligated by June 2024 and liquidated by December 2026.

Approval of the Agreement would enable the County to apply for BHCIP funding for 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 term 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 Agreement 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, distribute as follows:

- | | |
|--|--|
| 1. Duplicate Original Agreement | Clerk of the Board Files |
| 2. Original Agreement and copy of Minute Order | Real Estate Services, Susan Freebourn |
| 3. Copy of Agreement and Minute Order | BeWell, Laura Zeitz and Evelyn Zuroske |

Attachments:

1. Exclusive Negotiations Agreement
2. CEQA Notice of Exemption

Authored by: Susan Freebourn, Real Property Division