

RESOLUTION NO. ____-2015

RESOLUTION OF THE FORT BRAGG CITY COUNCIL APPROVING A FORGIVABLE LOAN AGREEMENT WITH MENDOCINO COAST HOSPITALITY CENTER TO USE FUNDS FROM COMMUNITY DEVELOPMENT BLOCK GRANT #14-CDBG-9881 TO ACQUIRE AND REHABILITATE THE OLD COAST HOTEL AND AUTHORIZING CITY MANAGER TO EXECUTE SAME (AMOUNT NTE: \$1,162,791; ACCOUNT NO. 315-5014-0630 AND 315-5014-0632)

WHEREAS, the City of Fort Bragg was awarded funds from the 2014 State of California Department of Housing and Community Development, State Community Development Block Grant (CDBG) Community Development Allocation to fund a Public Facility Activity to acquire and rehabilitate a homeless services facility; and

WHEREAS, the City of Fort Bragg's 2014 CDBG Application for the Public Facility Activity states that the City will undertake this activity on behalf of Mendocino Coast Hospitality Center (MCHC), a tax-exempt non-profit organization under Section 501(c)(3) of the Internal Revenue Code; and

WHEREAS, the City has worked with MCHC previously to successfully implement several CDBG activities including Public Service and Public Facility activities, and MCHC is sufficiently experienced and knowledgeable of CDBG procedures and regulations such that its staff and board are highly competent to assist in implementing the Activity; and

WHEREAS, MCHC has secured in the form of a Purchase Option, as allowable within CDBG "choice limiting action" regulations, a property located at 101 North Franklin Street known as the Old Coast Hotel that is properly zoned, sufficiently sized and configured, and affordable within the grant funds available; and

WHEREAS, after acquisition and minor rehabilitation, the location at 101 North Franklin Street will appropriately accommodate the homeless and mental health services as well as transitional housing services as described in the 2014 CDBG grant application; and

WHEREAS, a Loan Agreement is required per the City's 2014 CDBG Standard Agreement #14-CDBG-9881, Exhibit E - Special Conditions, in order to ensure that MCHC complies with State and Federal overlay requirements as well as locally imposed covenants and restrictions related to use of the facility; and

WHEREAS, Standard Agreement #14-CDBG-9881, Exhibit E - Special Conditions also requires that a Regulatory Agreement must be recorded that specifies no change of use for a minimum of five years after expiration of the Standard Agreement, as well as performance requirements and associated sanctions if performance criteria is not met; and

WHEREAS, in addition to resulting in recording of a Deed of Trust to secure the Loan, the Loan Agreement also imposes a Regulatory Agreement to be recorded against the property in the Mendocino County Recorder's Office that specifies a twenty-year facility use limitation such that the facility must be used for services as described in the City's 2014 CDBG grant application during that period of time or appropriate sanctions including loan re-payment

may be imposed, which meets and exceeds the five-year use limitation required in the City's 2014 CDBG Standard Agreement #14-CDBG-9881, Exhibit E - Special Conditions; and

WHEREAS, the Loan Agreement imposes other covenants and restrictions on MCHC to include, among other terms, a prohibition against transfer of the property, voluntarily or involuntarily, to any other party either by lease or sale or other manner; requirement for general maintenance of the property and specifically, requirement to ensure preservation of historical and restored historical property attributes; a requirement for adequate and on-going property insurance coverage; required payment of any property taxes that may become due; and requirement that after acquisition of the property, rehabilitation activities are to be planned and implemented in cooperation and compliance with, and under the supervision of, the City; and

WHEREAS, CDBG funding will not be released and made available to the City to implement the acquisition and subsequent rehabilitation activity until all General Conditions for the Public Facility Activity are completed, submitted to CDBG, and cleared by CDBG, including the Standard Agreement #14-CDBG-9881 Exhibit E – Special Conditions as well as other Public Facility General Conditions items; and

WHEREAS, other General Conditions to be completed, submitted to CDBG, and cleared by CDBG prior to CDBG General Conditions Clearance and release of grant funding include documentation of Site Control, including a request for substitution of address for the Public Facility Activity; environmental compliance; acquisition compliance relating to Proper Notice to Seller; relocation compliance relating to residential or commercial tenants; status of funding commitments if any; cost estimates; procurement status; Davis-Bacon Labor Standards Compliance; and Section 504 accessibility requirements; and compilation of these items to comprise the General Conditions Package is in progress but not completed; and

WHEREAS, City staff has determined that the homeless services facility acquisition and rehabilitation project at 101 North Franklin Street is categorically excluded from the National Environmental Policy Act (NEPA) per Title 24 of the Code of Federal Regulations (CFR) Sections 58.35(a)(3)(i), 58.35(a)(3)(iii), 58.35(a)(5), and 58.35(a)(6), which pertain to the acquisition and rehabilitation of existing structures; and categorically exempt from California Environmental Quality Act (CEQA) per Title 14 of the California Code of Regulations, Chapter 3, Sections 15332 and 15301, which pertain to projects involving in-fill development and existing facilities.

THEREFORE, BE IT RESOLVED, based on all the evidence presented, the City Council finds as follows:

1. The above recitations are true and correct and material to this resolution.
2. Mendocino Coast Hospitality Center is a highly qualified non-profit entity and is capable and experienced in implementation and management of CDBG grant-funded activities.
3. There is adequate funding provided in the 2014 CDBG Public Facility Activity award to fund the acquisition and rehabilitation activities, including direct project costs as well as administrative costs.

4. The Loan Agreement and related documents contain covenants and restrictions that comply with CDBG Special Conditions related to the Public Facility Activity and which also address local concerns related to on-going use and preservation of the property.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the City Council of the City of Fort Bragg does hereby Approve a Forgivable Loan Agreement with Mendocino Coast Hospitality Center to Use Funds from Community Development Block Grant #14-CDBG-9881 to Acquire and Rehabilitate the Old Coast Hotel and Authorizes City Manager to Execute Same (Amount NTE: \$1,162,791; Account No. 315-5014-0630 and 315-5014-0632)

The above and foregoing Resolution was introduced by Councilmember _____, seconded by Councilmember _____, and passed and adopted at a regular meeting of the City Council of the City of Fort Bragg held on the 27th day of April, 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

DAVE TURNER,
Mayor

ATTEST:

Cynthia M. VanWormer, MMC
City Clerk