

AGENDA
CITY OF FERNDALE – HUMBOLDT COUNTY CALIFORNIA – U.S.A.
SPECIAL CITY COUNCIL MEETING

Location:	City Hall	Date:	September 7, 2011
	834 Main Street	Time:	WEDNESDAY 7 pm
	Ferndale CA 95536	Posted: 9/1/11	

We welcome you to the meeting. Members of the Public may be heard on any business item on this Agenda before or during the City Council consideration of the item. The public may also directly address the City Council on any item of interest to the public that is not on the Agenda during the public comment time; however, the City Council generally cannot take action on an item not on the agenda.

A person addressing the City Council will be limited to five (5) minutes unless the Mayor of the City Council grants a longer period of time. While not required, we would appreciate it if you would identify yourself with your name and address when addressing the Council.

This City endeavors to be ADA compliant. Should you require assistance with written information or access to the facility, or a hearing amplification, please call 786-4224 24 hours prior to the meeting.

TO SPEAK ON ANY ISSUE, BE ACKNOWLEDGED BY THE MAYOR BEFORE PROCEEDING TO THE PODIUM, STATE YOUR NAME AND ADDRESS FOR THE RECORD (optional), AND DIRECT YOUR COMMENTS ONLY TO THE COUNCIL.

1. CALL MEETING TO ORDER – Mayor
2. PLEDGE ALLEGIANCE TO THE FLAG
3. ROLL CALL
4. --
5. MODIFICATIONS TO THE AGENDA
6. STUDY SESSIONS
7. PUBLIC COMMENT. (This time is for persons who wish to address the Council on any matter not on this agenda and over which the Council has jurisdiction. Items requiring Council action not listed on this agenda will be placed on the next regular agenda for consideration, unless a finding is made by at least 2/3rds of the Council that the item came up after the agenda was posted and is of an urgent nature requiring immediate action. This portion of the meeting will be approximately 30 minutes total for all speakers, with each speaker given no more than five minutes.)
8. --
9. --
10. --
11. BUSINESS
 - a. Resolution 2011-38 Authorizing the City Manager to Negotiate Exclusively with Lytel Foundation and its subsidiary the O'Rourke Foundation Interested in Owning and Managing the Ferndale Housing Complex
12. --
13. --
14. ADJOURN

**This notice is posted in compliance with Government Code §54954.2.
 The next Regular Meeting of the Ferndale City Council will be held on
 THURSDAY, October 6, 2011 in the Auditorium of City Hall at 7:00pm**

Section 1

Call Meeting to Order

Section 2

Pledge Allegiance

Section 3

Roll Call

Section 7

Public Comment

This time is for persons who wish to address the Council on any matter not on this agenda and over which the Council has jurisdiction.

Items requiring Council action not listed on this agenda will be placed on the next regular agenda for consideration, unless a finding is made by at least 2/3rd of the Council (three of the five members) that the item came up after the agenda was posted and is of an urgent nature requiring immediate action.

This portion of the meeting will be approximately 30 minutes total for all speakers, with each speaker given no more than five minutes. Please state your name and address for the record. (This is optional.)

Section 11

Business

Meeting Date:	September 7, 2011	Agenda Item Number	11 a
Agenda Item Title:	Resolution 2011-38 Authorizing the City Manager to Negotiate Exclusively with Lytel Foundation and its subsidiary the O'Rourke Foundation Interested in Owning and Managing the Ferndale Housing Complex		
Presented By:	Jay Parrish, City Manager		
Type of Item:	<input checked="" type="checkbox"/> Action	<input type="checkbox"/> Discussion	<input type="checkbox"/> Information
Action Required:	<input type="checkbox"/> No Action	<input checked="" type="checkbox"/> Voice Vote	<input type="checkbox"/> Roll Call Vote

RECOMMENDATION:

Approve Resolution 2011-38 Authorizing the City Manager to Negotiate Exclusively with Lytel Foundation and its subsidiary the O'Rourke Foundation interested in Owning and Managing the Ferndale Housing Complex.

Staff recommends that Council authorize the City Manager to negotiate exclusively with the Lytel Foundation and its subsidiary the O'Rourke Foundation because their goals and vision for the property are most in line with the City's goals. The City's goals for the project include providing affordable housing to low- and moderate-income seniors and families and maintaining the facility as an asset to the community of Ferndale. Staff is concerned that a proposal which includes carrying a large amount of debt service would mean less money for on-going up-keep and maintenance of the property over the long term. Staff additionally believes that selling the property, though perhaps not legally prohibited, runs counter to the spirit of the Federal Appropriation.

BACKGROUND:

As the City is taking its final steps to acquire the 52-unit housing complex from the Navy, it is time for the City Council to begin negotiating with a prospective transferee that is capable of managing the property as affordable housing.

Over the past two years, staff has examined a number of ownership options for the former Navy housing complex to meet the requirement of providing affordable housing for low- and moderate-income households and maintaining the property in good condition. The City Council and staff have previously discussed that a local non-profit owner might be a good option and took steps to initiate set-up of a new non-profit to accomplish this goal.

During this same period, two parties stepped forward and expressed interest in taking ownership of the property to operate and manage as affordable housing: Don Hindley, Director of the Lytel Foundation and its subsidiary organization the O'Rourke Foundation, and Larry Parker, a local real estate agent.

Mr. Hindley and Mr. Parker will give presentations describing their interest in owning, operating and managing the property for affordable housing. Other interested parties may also make presentations.

The City Council has the authority to determine which party it prefers to negotiate with and authorize staff to begin those negotiations. From Memo from Special Counsel, Nancy Diamond on August 4, 2011:

In general, very few procedural restrictions exist that dictate the manner by which a city may dispose of real property when it is for the common benefit (Government Code 37350).In the present case, it does not appear that statutory provisions mandate a particular protocol for the City to follow in identifying an appropriate party with whom to negotiate. Thus, the City is free to negotiate directly with a prospective transferee it desires, and the critical factor will be identifying a prospective transferee who is able to implement the affordable housing requirements of the property. Once the City Council has identified a party with whom it would like to negotiate, it should take formal action authorizing the City Manager to enter into negotiations with that party.

FISCAL IMPACT:

All costs incurred by approving this motion will be passed on to the eventual owner of the property.

RESOLUTION 2011-38

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FERNDALE AUTHORIZING THE CITY MANAGER TO NEGOTIATE WITH LYTEL FOUNDATION REGARDING OWNING AND MANAGING THE FERNDALE HOUSING COMPLEX

WHEREAS, the United States government appropriated the funds to purchase the 11.7 acre Centerville Navy Housing Facility located east of 5th Street along Fairview Drive and Trident Lane in Ferndale, CA (the "Property") from the U.S. Navy for conveyance to the City of Ferndale conditioned on the requirement that the Property be used to provide low and moderate income housing opportunities; and

WHEREAS, the City of Ferndale expects to obtain title to the Property on or before September 30, 2011 and possibly transfer it to another entity for affordable housing opportunities consistent with the federal appropriation condition, which will be enforced through restrictions placed on title at the time of the City's conveyance; and

WHEREAS, As the City is taking its final steps to acquire the 52-unit housing complex from the Navy, it is time for the City Council to begin negotiating with a prospective transferee that is capable of managing the property as affordable housing; and

WHEREAS, the City wishes to have the Ferndale Housing Complex meet the requirement of providing affordable housing for low- and moderate-income households and maintaining the property in good condition; and

WHEREAS, Council and Staff have previously discussed that a local non-profit owner might be a good option and took steps to initiate set-up of a new non-profit to accomplish this goal; and

WHEREAS, The Lytel Foundation and its subsidiary the O'Rourke Foundation's goals and vision for the property are most in line with the City's Goal.

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Ferndale authorizes City Staff to negotiate exclusively with Lytel Foundation and its subsidiary the O'Rourke Foundation interested in owning and Managing the Ferndale Housing Complex.

PASSED AND ADOPTED by the City Council of the City of Ferndale on September 7, 2011, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

Jeffrey Farley, Mayor

Attest:

Nancy Kaytis-Slocum, City Clerk

Memorandum

TO: Mr. Don Hindley
Mr. Larry Parker
Other Interested Parties

RE: Questions for Parties Interested In Owning the Ferndale Housing Property and Operating and Managing It as Affordable Housing

DATE: August 28, 2011

Thank you for your interest in obtaining ownership of the Ferndale Housing property in order to operate and manage it for affordable housing.

As the City Council moves to decisions about the future ownership of the property, we wanted to offer an opportunity to any interested parties to present information about potential plans for the housing complex. This will be a fairly informal process with the goal of providing to the City Council and the public a clear idea of your vision and plans for the property.

Please submit brief written answers to the following questions and get back to the City Manager by this Friday, September 2, 2011 at 5 pm so that we can get copies to Council members and the public prior to the meeting. Please send your responses by email to Jay Parrish, City Manager at citymanager@ci.ferndale.ca.us and econner@humboldt1.com.

You will also have the opportunity to give a presentation of no more than 15 minutes to a special City Council at its meeting on Wednesday, September 7, 2011 at 7 pm. The written and verbal presentations should cover the following topics:

1. What is your /your organization's overall vision and plan for the property, short- and long-term?
2. Why do you/your organization want to acquire this property?
3. What do you/your organization bring to the property and how will it benefit the city and its residents?
4. What is your plan for keeping a positive appearance of the property?
5. What plans do you have related to maintaining and improving the property including the dwelling units, public spaces and playgrounds, corporation buildings, sidewalks and streets?
6. Please give us an overview of how you see this working financially so that you will be able to keep the rents at the required levels, keep the property well-maintained and have enough for debt service over the long-term?
7. Please discuss the ability and capacity of you and/or your organization to take on this complex and to manage it under the terms of the affordable housing restrictions over the long-term.

8. How will you ensure responsible tenants will be selected? What is your plan for qualifying tenant's income for occupancy?

Please be aware of and assume the following in developing your responses:

1. The dwelling units on the property "shall be used for purposes of low- and moderate- income housing" and this restriction "...will be deemed to run with the land in perpetuity," as mandated in the Federal Appropriation.

2. The City Council has not taken action at this time, but will consider imposing the following types of restrictions as well:

- a. Restrict from future subdivision for a certain period of time or in perpetuity. (The infrastructure has been developed for the 52 units and is already strained.)
- b. Designation of where title goes in event owner declares insolvency, bankruptcy, a lender forecloses, etc. (Reversion to the City is a potential choice.)
- c. City pre-approval of any encumbrances on the property exceeding a certain amount.
- d. An agreement with owner that may include the following types requirements:
 - 1) Liability Insurance
 - 2) Maintenance and Operating Reserves
 - 3) Annual report with incomes of residents -- or certification from licensed or qualified operator that tenants meet income requirements.
 - 4) Standards for positive appearance and maintenance of the property including provision for an annual exterior inspection of property
 - 5) A Management Plan submitted to City for review. (City may want to make specific guidelines on a few items such as minimum and maximum occupancy standards, street and utilities maintenance, marketing/outreach requirements, lease terms and vacancy periods related to over-income tenants or the like.)
 - 6) A Tenant Selection Policy submitted to City for review. City's right to pre- approve any future transferee or buyer.

3. The streets and sidewalks are currently not up to Ferndale Improvement Standards and Specifications Code and they can be grandfathered in. If the property is not restricted to prevent future subdivision, then subdivision would trigger the need to bring the streets and sidewalks up to current specifications and code.

4. The Environmental Condition of Property (ECP) report from the US Navy revealed minor amounts of Lead-Based Paint (LBP) and Asbestos Containing Materials (ACM). A disclosure about these materials and required protocols, from the ECP, will be included in the transfer deed from the Navy. Future owners will need to follow the protocols and LBP abatement is required before the housing units can be occupied (a specific list of areas containing LBP has been identified in the report).

RESOLUTION OF THE PLANNING COMMISSION
OF THE CITY OF FERNDALE
Resolution Number PC 2011-35

DISPOSITION OF HOUSING PROPERTY ACQUIRED FROM U.S. NAVY
GENERAL PLAN CONSISTENCY DETERMINATION

WHEREAS, the United States government appropriated the funds to purchase the 11.7 acre Centerville Navy Housing Facility located east of 5th Street along Fairview Drive and Trident Lane in Ferndale, CA (the "Property") from the U.S. Navy for conveyance to the City of Ferndale conditioned on the requirement that the Property be used to provide low and moderate income housing opportunities; and

WHEREAS, the City of Ferndale expects to obtain title to the Property on or before September 30, 2011 and possibly transfer it to another entity for affordable housing opportunities consistent with the federal appropriation condition, which will be enforced through restrictions placed on title at the time of the City's conveyance; and

WHEREAS, the Property is designated for residential uses by the Ferndale General Plan; and

WHEREAS, the City's possible disposition of the Property to another entity for continued residential use is consistent with the Ferndale General Plan.

NOW, THEREFORE, BE IT RESOLVED that the Planning Commission of the City of Ferndale finds that the disposition of the real property and housing improvements located east of 5th Street along Fairview Drive and Trident Lane in Ferndale, CA to another entity is consistent with the City's General Plan.

PASSED AND ADOPTED by the Planning Commission of the City of Ferndale this 24th day of August, 2011 by the following vote:

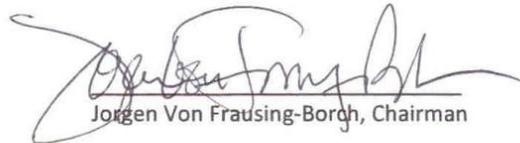
The motion was made by COMMISSIONER Von Frausing-Borch and seconded by COMMISSIONER Brown.

AYES: Von Frausing-Borch, Brown, Harper

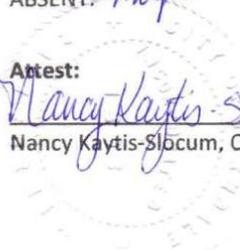
NOES: 0

ABSTAIN: 0

ABSENT: Moquin


Jorgen Von Frausing-Borch, Chairman

Attest:
Nancy Kaytis-Slocum
Nancy Kaytis-Slocum, City Clerk



Section 14

ADJOURNMENT