

# City of Calistoga

## Staff Report

**TO:** Honorable Mayor and City Council  
**FROM:** James C. McCann, City Manager  
**DATE:** September 1, 2009  
**SUBJECT:** Funding Request to Support Napa County Farmworker Housing Centers

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2 **ISSUE:** Consideration of a request for funding with the Napa County Housing  
3 Authority to provide funding for fiscal year 2008/2009 to support the Napa County  
4 Farmworker Housing Centers.

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6 **RECOMMENDATION:** Discuss and provide direction as appropriate.

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8 **BACKGROUND:** Napa County Housing Authority staff has requested that each  
9 municipality in the County provide funding to address an anticipated \$100,000  
10 operating shortfall of the Farmworker Housing Centers for fiscal year 2008/2009.

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12 The County Housing Authority owns and operates three farmworker housing  
13 centers in Napa County (the River Ranch Center on Silverado Trail near St.  
14 Helena, the Calistoga Center on North St. Helena Highway, and the Mondavi  
15 Center on Silverado Trail near Yountville). The operations of the centers is  
16 funded through three primary sources: direct rent received by the farmworker  
17 tenants, proceeds from the special property tax imposed on vineyard property in  
18 Napa County (CSA#4), and revenue generated at the centers related to phone  
19 and laundry facility use. The County Housing Authority adopted a budget to  
20 operate the centers of \$1,046,401 and expected a shortfall of \$100,000 for last  
21 fiscal year.

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23 **DISCUSSION:** The County Housing Authority has requested that the six  
24 jurisdictions provide direct funding to address the passed fiscal year shortfall.  
25 Each of the five cities has been requested to provide \$10,000; and the County is  
26 to provide the remaining \$50,000.

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28 This matter was raised by County staff last fall; City staff requested information  
29 and a formal request with funding needs justifications and a discussion of steps  
30 taken and available alternatives to address the funding in the attached July 2009  
31 letter from Ms. Nancy Johnson of the County Housing Authority staff. Also,  
32 attached is a draft funding agreement and budget information. Ms. Johnson will

33 be present at the Council meeting to introduce the request and to respond to  
34 Council questions.

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36 Staff recognizes the importance that the Farmworker Housing Centers play in the  
37 Valley and hard work to establish and renovate them in recent years. Support for  
38 their continued operation is certainly worthwhile and necessary. Ms. Johnson will  
39 be able to explain the current funding shortfall and discuss the range of options  
40 which have been explored by the County Housing Authority as well as the  
41 available options for current and future operations funding.

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43 **FISCAL IMPACT:** The impact of the request will vary depending upon Council  
44 action.

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46 **ATTACHMENTS:**

47 1. Request and background memorandum.



A Tradition of Stewardship  
A Commitment to Service

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Community & Intergovernmental Affairs

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**Nancy Watt**  
County Executive Officer

CITY OF CALISTOGA

JUL 21 2009

CITY MANAGER

July 15, 2009

Jim McCann, City Manager  
City of Calistoga  
1232 Washington St.  
Calistoga, CA 94515

Re: Farm worker housing centers

Dear Jim,

I would like to respectfully request that an item be added to the next available Council agenda to discuss continued funding of the three Napa County farm worker centers ("centers") by the City of Calistoga. I realize there has been some confusion regarding this request, so I would like to provide you with a brief history of past funding by Calistoga and current needs at the centers.

A Joint Powers Agreement for Housing was entered into on April 21, 1987 to create the Napa Valley Housing Authority (NVHA) as a Joint Powers Agency. NVHA was administered by the City of Napa Housing Director, although the City of Napa was not itself a member of NVHA. Members of the NVHA included the Cities of American Canyon, Calistoga, St. Helena, the Town of Yountville and the County. As part of the NVHA, members were required to make a financial contribution (\$25,000 annually in Fiscal Year 2006-2007 and \$50,000 from the County). One of NVHA's functions was to oversee operations of the centers, and a portion of cities/county contributions were utilized for this purpose. As you know, because of certain management issues that arose in late 2006, that need not be detailed here, it was determined by the member jurisdictions to disband NVHA in 2008. At that time, the member agencies, including Calistoga, all agreed to transfer title to the centers to the Napa County Housing Authority, which is overseen by the Board of Supervisors sitting as Authority Commissioners. The Napa County Housing Authority however has actually been overseeing the operations of the centers since mid 2007.

The centers are primarily funded through the rents received from farm workers who reside at the centers, from yearly assessments levied by County Service Area No. 4 paid by qualifying grape growers, and from general fund contributions by the County of Napa (totaling \$190,000). However, the foregoing funding sources are not sufficient to cover expenses associated with the operation of the centers which is over \$1.2 million annually.

The City of Calistoga, as a member of the former NVHA which was responsible for the centers, should recognize the important contribution attributable to the centers in providing safe and clean housing

accommodations to the farm workers who otherwise may not be able to obtain such housing. It is readily apparent the centers serve an important county wide function and it is in the City's public interest to contribute funding to the operation of the centers in the event that rents, assessments and other contributions are insufficient to cover the operating expenses and to ensure the centers continued operation in providing safe and affordable farm worker housing accommodations.

When the County took over management and eventual ownership of the centers, a new Housing Commission was installed to be advisory to the Napa County Housing Authority on all issues that involve the three farm worker centers. Members include representatives of the Farm Bureau, Vintners Association, Grape Growers, farm worker advocates, two residents from the centers and your own Councilman Garcia. From this group, a Budget Committee was formed to review contracts and provide budget oversight. The Budget Committee consists of Dennis Groth, Bonnie Schoch, Pat Garvey and Lou Flores. This group was instrumental in creating the 2008/2009 budget and has reviewed all options for the 2009/2010 budget, which includes raising the CSA No. 4 assessment to the maximum of \$10 per acre and increasing rents from \$11.75 to \$12.00 per night, but that still leaves us with a gap to make the overall budget balance. While it is our hope that we will find a way to continue to reduce costs and balance the budget without additional revenue sources, we are not there yet. Since assuming management of the program, the Napa County Housing Authority has been able to consolidate contracts and reduce utility expenses, while increasing occupancy, but there was a higher level of deferred maintenance (even after the remodel) than we anticipated and we are working to resolve ongoing maintenance issues. Like everyone in this economic climate, we are faced with increased costs for basic services such as propane, water operations and testing, septic maintenance and fire suppression.

As of this date, all of the prior members of the Napa Valley Housing Authority except for the City of Calistoga have entered into an agreement with the Napa County Housing Authority for FY 2008/2009 funding in the amount of \$10,000 and the Authority would like to count on Calistoga for continued support. It should be noted that Councilman Garcia himself is a strong supporter of the proposed contribution as he recognizes the unique needs of farm workers and the valuable contribution the centers provide.

If you have additional questions, please don't hesitate to contact me at 707-299-1352 or by email at [njohnson@co.napa.ca.us](mailto:njohnson@co.napa.ca.us).

Sincerely,



Nancy Johnson  
Housing and Community Development Program Manager

Cc: Nancy Watt, County Executive Officer  
Larry Florin, Community and Intergovernmental Affairs Manager

**NAPA COUNTY HOUSING AUTHORITY  
AGREEMENT NO. \_\_\_\_\_**

**FUNDING AGREEMENT**

**THIS FUNDING AGREEMENT** ("Agreement") is made and entered into as of this \_\_\_ day of \_\_\_\_\_, 2008, by and between the Napa County Housing Authority, a county housing authority established pursuant to California Health and Safety Code section 34200 et seq., hereinafter referred to as "Grantee", and the City of \_\_\_\_\_, hereinafter referred to as "Grantor".

**RECITALS**

**WHEREAS**, Grantee is the owner of three farmworker housing centers (collectively the "Centers") located in Napa County which provide housing for migrant farmworkers, those Centers being commonly identified as: (1) the River Ranch Center, located at 1109 Silverado Trail, St. Helena, (2) the Calistoga Center, located at 3996 N. St. Helena Highway, Calistoga, and (3) the Mondavi Center, located at 5585 Silverado Trail (sometimes referred to as 5589 Silverado Trail), Napa; and

**WHEREAS**, the Centers are primarily funded through the rents received from farmworkers who reside at the centers, from yearly assessments levied by County Service Area No. 4 paid by qualifying grape growers, and from general fund contributions by the County of Napa; and

**WHEREAS**, the foregoing funding sources are not necessarily sufficient to cover expenses associated with the operation of the Centers; and

**WHEREAS**, Grantor recognizes the important contribution attributable to the Centers in providing safe and clean housing accommodations to farmworkers who otherwise may not be able to obtain such housing, and finds it is in the public interest of the City to contribute funding to the operation of the Centers in the event that rents, assessments, and other contributions are insufficient to cover operating expenses to ensure the Centers continued operation in providing safe and affordable housing accommodations.

**TERMS**

**NOW, THEREFORE**, in consideration of the mutual promises of Grantor and Grantee, contained herein, Grantor and Grantee agree as follows:

1. **Term of the Agreement.** The term of this Agreement shall commence on the date first above written and shall expire on June 30, 2009, except that the obligations of Grantee to Grantor under Paragraph 4 (Records Retention and Monitoring) and Paragraph 7 (Return of

Funds) shall survive the expiration date for the periods noted in such Paragraphs, and Paragraph 6 (Indemnification) shall continue in full force and effect after said expiration date as to any liability for acts and omissions occurring during the term of this Agreement.

2. **Use of Funds by Grantee.** Grantee hereby agrees to use all funds conveyed to Grantee by Grantor under this Agreement for the sole purpose of offsetting expenses associated with the operation of the Centers.

3. **Payment of Funds by Grantor to Grantee.** Grantor agrees to pay to Grantee within 30 days of execution of this Agreement the sum of Ten thousand dollars (\$10,000), to be used by Grantee to cover operating expenses for the Centers not already covered by other revenue sources, including primarily the proceeds of the County Service Area No. 4 assessments and nightly lodging fees paid by the farm workers who stay at the Centers. See Exhibit A for details.

4. **Records Retention and Monitoring.** Grantee shall maintain records which fairly reflect the activities of Grantee partially funded under this Agreement. Grantor shall have access to any books, documents, papers and records of Grantee which are directly pertinent to the subject matter of this Agreement. Except where longer retention is required by any federal or state law, Grantee shall maintain all such records for no less than five (5) years after Grantor makes the grant payment called for in this Agreement.

5. **Independent Grantee.** Grantee shall perform this Agreement as an independent Grantee, and Grantee and its officers, agents, employees are not, and shall not be deemed, Grantor employees for any purpose, including workers' compensation. Nothing in this Agreement shall be construed to grant or confer on Grantor any right, title or ownership in the Centers. Grantee shall, at its own risk and expense, determine the method and manner by which the activities of Grantee under this Agreement shall be performed.

6. **Indemnification.** Grantee shall defend, indemnify and hold harmless Grantor, its officers, agents and employees from any claim, loss or liability including, without limitation, those for personal injury (including death) or damage to property, arising out of or connected with any aspect of the performance by Grantee, or its officers, agents, or employees, of activities of Grantee funded under this Agreement.

7. **Return of Funds.** If Grantee fails to fulfill in a timely and proper manner any of Grantee's obligations under this Agreement or otherwise breaches this Agreement during the term of this Agreement Grantee shall, upon written demand by Grantor, return to Grantor any portion of the funds provided under this Agreement used in violation of Grantee's obligations under this Agreement. Return of funds under this Paragraph shall occur within thirty (30) days of receipt by Grantor of written demand by Grantor and shall include any interest earned thereon by Grantee. Return of funds under this Paragraph shall be in addition to any other remedies available to Grantor by law.

8. **Non-Discrimination Clause.** During the performance of this Agreement, Grantee and its officers, employees, and agents shall not deny the benefits thereof to any person

on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall Grantee discriminate unlawfully against any farmworker lodger because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age or sex.

9. **Compliance with Laws.** Grantee shall observe and comply with all applicable Federal, State and local laws, ordinances, and codes.

10. **No Waiver.** Waiver by either party of any breach or violation of any requirement of this Agreement shall not be deemed to be a waiver of any such breach in the future, or of the breach of any other requirement of this Agreement.

11. **Notices.** All notices required or authorized by this Agreement shall be in writing and shall be delivered in person or by deposit in the United States mail, by certified mail, postage prepaid, return receipt requested. Any mailed notice, demand, request, consent, approval or communication that either party desires to give the other party shall be addressed to the other party at the address set forth below. Either party may change its address by notifying the other party of the change of address. Any notice sent by mail in the manner prescribed by this paragraph shall be deemed to have been received on the date noted on the return receipt or five days following the date of deposit, whichever is earlier.

GRANTEE

GRANTOR

Napa, California 94559

12. **Amendment/Modification.** Except as specifically provided herein, this Agreement may be modified or amended only in writing and with the prior written consent of both parties.

13. **Interpretation; Venue.**

(a) **Interpretation.** The headings used herein are for reference only. The terms of the Agreement are set out in the text under the headings. This Agreement shall be governed by the laws of the State of California.

(b) **Venue.** This Agreement is made in Napa County, California. The venue for any legal action in state court filed by either party to this Agreement for the purpose of interpreting or enforcing any provision of this Agreement shall be in the Superior Court of California, County of Napa, a unified court. The venue for any legal action in federal court filed by either party to this Agreement for the purpose of interpreting or enforcing any provision of this Agreement lying within the jurisdiction of the federal courts shall be the Northern District of California. The appropriate venue for arbitration, mediation or similar legal proceedings under this Agreement shall be Napa County, California.

14. **Third Party Beneficiaries.** Nothing contained in this Agreement shall be construed to create any rights in third parties and the parties do not intend to create such rights.

15. **Severability.** If any provision of this Agreement, or any portion thereof, is found by any court of competent jurisdiction to be unenforceable or invalid for any reason, such provision shall be severable and shall not in any way impair the enforceability of any other provision of this Agreement.

16. **Entirety of Contract.** This Agreement constitutes the entire agreement between the parties relating to the subject of this Agreement and supersedes all previous agreements, promises, representations, understandings and negotiations, whether written or oral, among the parties with respect to the subject matter hereof.

**IN WITNESS WHEREOF,** the duly authorized representatives of the parties to this Agreement have executed it as of the date first above written.

SIGNATURE BLOCKS

DRAFT



**Napa Farmworker Centers  
2008-2009 Adopted Budget**

	Proposed Budget FY 2008-09
<b>Revenues</b>	
Rent	\$ 493,665
CSA #4 Assessment	442,073
Laundry/Phone	11,977
<i>Anticipated Contributions</i>	100,000
<b>Total Revenues</b>	<b>\$ 1,047,715</b>
<b>Expenditures</b>	
Services & Supplies	965,361
Phelps Loan Repayment	15,040
Contingencies & Reserves	45,000
General Administration	21,000
<b>Total Expenditures</b>	<b>\$ 1,046,401</b>
<b>Net Surplus (Deficit)</b>	<b>\$ 1,314</b>