



COUNTY OF MENDOCINO, CALIFORNIA

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**File #:** 19-0785 **Version:** 1

**Name:**

**Type:** Agreement

**Status:**

Consent Agenda

**File created:** 8/21/2019

**In control:**

Executive Office

**On agenda:** 9/10/2019

**Final action:**

**Title:**

Ratification of Purchase Agreement, for the Purchase of Real Property in the Amount of \$423,000 Located at 631 South Orchard Street, Ukiah; and Authorization for the Purchasing Agent or Designee to Sign and Execute Any and All Agreements, Amendments and Other Documents Related to the Purchase of Real Property at 631 South Orchard Street, Ukiah (APN No. 002-340-44-00), and Authorize Chair to Sign Same

**Attachments:**

1. [Agreement 19-226](#), 2. [Purchase Agreement](#)

[History \(1\)](#)

[Text](#)

**To:** Board of Supervisors

**From:** Executive Office

**Meeting Date:** September 10, 2019

**Department Contact:** Carmel J. Angelo

**Phone:** 463-4441

**Department Contact:** Janelle Rau

**Phone:** 463-4441

**Item Type:** Consent Agenda

**Time Allocated for Item:** N/A

### Agenda Title:

Ratification of Purchase Agreement, for the Purchase of Real Property in the Amount of \$423,000 Located at 631 South Orchard Street, Ukiah; and Authorization for the Purchasing Agent or Designee to Sign and Execute Any and All Agreements, Amendments and Other Documents Related to the Purchase of Real Property at 631 South Orchard Street, Ukiah (APN No. 002-340-44-00), and Authorize Chair to Sign Same

### Recommended Action/Motion:

Ratify Purchase Agreement and Escrow Instructions, for the purchase of Real Property in the Amount of \$432,000 located at 631 South Orchard Street, Ukiah; and authorize the Purchasing Agent or designee to sign and execute any and all Agreements, amendments and other documents related to the purchase of real property at 631 South Orchard Street, Ukiah (APN No. 002-340-44-00), and authorize Chair to sign same.

**Previous Board/Board Committee Actions:**

May 23, 2017, the County entered into an Agreement with Redwood Community Services (RCS), which provided RCS with \$380,000 of Mental Health Wellness Grant funding towards the purchase and construction of a Crisis Residential Treatment (CRT) center in Mendocino County. Those funds were used to purchase this property. On August 20, 2019, an announcement was made during open session of the Board of Supervisors meeting regarding the intent to purchase property located at 8207 East Road, Redwood Valley (APN No. 163-140-14).

**Summary of Request:**

The County and RCS have agreed to terms on the purchase of the undeveloped real property located at 631 South Orchard Street in Ukiah.

The purchase price for the property includes a release of RCS' obligations under a prior contract with the County. Specifically, on May 23, 2017, the County entered into an Agreement with Redwood Community Services (RCS), which provided RCS with \$380,000 of Mental Health Wellness Grant funding towards the purchase and construction of a Crisis Residential Treatment (CRT) center in Mendocino County. Those funds were used to purchase this property.

Unfortunately, RCS was unsuccessful in attempting to leverage additional funding to construct a facility on the land. RCS has agreed to transfer the land to the County, in exchange for a release from its obligations under the 2017 contract. As part of the Agreement, the County will also pay RCS an additional \$43,000 to cover certain out-of-pocket expenses that affirmatively increased the value of the land. Between the two agreements, the total purchase value is \$423,000. The County has also agreed to allow RCS a right of first refusal if the County sells the property in the next ten years.

**Alternative Action/Motion:**

Do not approve agreement and escrow instructions and provide alternative direction to staff.

**Supplemental Information Available Online at:** n/a

**Fiscal Impact:**

**Source of Funding:** Mental Health Wellness Grant funding      **Budgeted in Current F/Y:** Yes

**Current F/Y Cost:** \$43,000 (\$380,000 already allocated)      **Annual Recurring Cost:** n/a

**Supervisory District:** District 2

**Vote Requirement:** Majority

**Agreement/Resolution/Ordinance Approved by County Counsel:** Yes

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**CEO Liaison:** Janelle Rau, Deputy CEO

**CEO Review:** Yes

**CEO Comments:**

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**FOR COB USE ONLY**

**Executed By:** Lindsey Dunham, Deputy Clerk I  
**Date:** September 11, 2019

**Final Status:** Approved



**Agreement Number:** 19-226

## AGREEMENT FOR PURCHASE AND SALE OF ORCHARD PROPERTY

This Agreement is entered by and between the Redwood Community Services, Inc. ("RCS") and the County of Mendocino ("COUNTY") on September 10, 2019, in Ukiah, California.

1. **Sale of Orchard Property:** RCS agrees to sell and COUNTY agrees to buy certain unimproved real property located in the City of Ukiah, Mendocino County, California, being a portion of the property commonly known as 631 Orchard Avenue, Ukiah, California, Mendocino County Assessor's Parcel Number 002-340-44 and as more fully described in the attached Exhibit A which is incorporated herein by reference ("the Orchard Property"). The Orchard Property consists of two lots of unimproved real property.

2. **Purchase Price:** RCS agrees to accept from COUNTY Four Hundred Twenty-Three Thousand Dollars (\$423,000.00) ("Purchase Price") as full and complete payment for the Orchard Property, which amount includes the Three Hundred Eighty Thousand Dollars (\$380,000) paid by COUNTY to RCS pursuant to Agreement No. 17-032, on or about May 23, 2017. RCS acknowledges and agrees it has already received \$380,000 pursuant to the approval of Agreement No. 17-032 for Crisis Residential Treatment Services approved by the Board of Supervisors on May 23, 2017. Therefore, RCS agrees to accept from COUNTY the additional actual costs of improvements including the Boundary Line Adjustments to the Orchard Property in the amount of Forty-Three Thousand Dollars (\$43,000.00), to comprise full payment of the purchase price.

3. **Condition of Title:** Title to the Orchard Property shall be free and clear of all liens, except for easements and encumbrances approved by COUNTY.

4. **Accord and Satisfaction of Agreement No. 17-032:** The parties agree and acknowledge that this Agreement for sale and purchase of the Orchard Property shall comprise full accord and satisfaction of Agreement No. 17-032, dated May 23, 2017, between RCS and the County, regarding the purchase of real property, leverage of necessary additional funding, and construction of a Crisis Residential Treatment center. The parties agree by this Purchase Agreement to fully release all of the obligations existing under Agreement No. 17-032.

5. **Transfer Upon Payment:** RCS shall convey the Orchard Property by quitclaim deed within 30 days of the execution of this Agreement. Upon receipt of quitclaim deed, COUNTY shall submit payment of the purchase price in the amount of Forty-Three Thousand Dollars (\$43,000.00) to RCS.

### 6. **Conditions of Orchard Property:**

(1) **Orchard Property sold "AS IS":** RCS makes no representation or warranty concerning the condition of the Premises and COUNTY agrees to accept the Orchard Property in its "AS IS" condition. COUNTY hereby acknowledges that it has not relied upon any representation, statement or warranty concerning the condition of the Orchard Property by RCS or any of its officers, agents or employees in deciding to purchase the Orchard Property.

(2) **Flood Hazard Area Disclosure:** The Property is not located within a Federal Emergency Management Agency (FEMA) "Special Flood Hazard Area".

(3) **Geologic Hazard Zone:** The Property is not located within a Special Studies Zone as designated under Public Resources Code §§ 2021-2625.

7. **Ten Year Right of First Refusal:** In the event the COUNTY elects to sell the Orchard Property, the COUNTY agrees RCS is granted a right of first refusal to purchase the Orchard Property which shall terminate 10 years after the execution of this Agreement. The right of first refusal is not assignable by RCS and may only be exercised by RCS when the COUNTY provides RCS with notice of the COUNTY's election to sell the Orchard Property. Within 30 days after COUNTY gives RCS written notice of COUNTY's intent to sell, RCS shall have the right to purchase the Orchard Property at the same price and on the same terms and conditions set forth in COUNTY's written notice of intent to sell. To exercise its right, RCS must, within the same period, deposit in escrow with any escrow company in Mendocino County, California, all moneys and instruments required by the terms of COUNTY's notice of intent to sell, to be paid or delivered to COUNTY on close of escrow and shall also give COUNTY written notice of the deposit. In the event RCS fails to exercise the right of first refusal in accordance with the provisions of this section, including, but not limited to, the failure to act timely in response to the notice or the failure to deposit funds, COUNTY may sell the Orchard Property on the terms contained in the notice.

8. **No Third Party Beneficiaries:** There are no intended third party beneficiaries of this Agreement.

9. **Entire Agreement:** This Agreement, including all attachments, exhibits, and any other documents specifically incorporated into this Agreement, shall constitute the entire agreement between COUNTY and RCS relating to the subject matter of this Agreement. As used herein, Agreement refers to and includes any documents incorporated herein by reference and any exhibits or attachments. This Agreement supersedes and merges all previous understandings, and all other agreements, written or oral, between the parties and sets forth the entire understanding of the parties regarding the subject matter thereof. This Agreement may not be modified except by a written document signed by both parties.

10. **Seller pays fees:** Any fees related to this transaction and not specifically addressed within this Agreement shall be paid by the RCS.

11. **Force Majeure:** The time for performing any condition under this Agreement shall be extended, and the obligations of RCS or COUNTY suspended, by the number of days during which the performance of that condition is prevented due to fire, flood, unusual weather events, strikes, labor disputes, shortages, utility curtailments, power failures, explosions, civil disturbances, the time required to satisfy government regulatory requirements beyond the minimum periods permitted by law, acts of God, shortages of equipment or supplies, unavailability of transportation, acts or omissions of third parties or any other reason beyond the reasonable control of RCS or COUNTY.

12. **Attorney's Fees:** In any action to enforce or interpret the terms of this agreement, including but not limited to any action for declaratory relief, each party shall be solely responsible for and bear its own attorneys' fees, regardless of which party prevails.

13. **Notice:** Whenever notice, payment or other communication is required or permitted under this Agreement, it shall be deemed to have been given when personally delivered, telefaxed or deposited into the United States mail with proper first-class postage affixed thereto and addressed as follows:

**RCS:**

Redwood Community Services, Inc.  
c/o Dan Anderson, Chief Executive Officer  
631 S. Orchard Ave.  
Ukiah, CA 95482  
(707) 467-2010  
FAX: (707) 462-6994

**COUNTY:**

County of Mendocino  
c/o Carmel J. Angelo, CEO/Purchasing Agent  
County Administration Center  
501 Low Gap Road  
Ukiah, CA 95482  
FAX: (707) 463-4245

Service by telefax shall bear a notation of the date and place of transmission and the facsimile telephone number to which transmitted.

Either party may change the address to which notices must be sent by providing notice of that change as provided in this paragraph.

14. **Counterparts:** This Agreement may be executed in counterparts.

15. **Partial Invalidity:** If any term or provision of this Agreement shall be deemed to be invalid or unenforceable to any extent, the remainder of this Agreement will not be affected thereby, and each remaining term and provision of this Agreement will be valid and be enforced to the fullest extent permitted by law.

16. **Waivers:** No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the party waiving the breach, failure, right or remedy. No waiver of any breach, failure, right or remedy shall be deemed a waiver of any other breach, failure, right or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

17. **Successors and Assigns:** This Agreement is binding upon and inures to the benefit of the permitted successors and assigns of the parties hereto.

18. **Time of Essence:** RCS and COUNTY hereby acknowledge and agree that time is strictly of the essence with respect to each and every term, condition, obligation, and provision hereof.

19. **Construction:** This Agreement has been prepared by COUNTY and its professional advisors and reviewed by RCS and its professional advisors. RCS and COUNTY and their respective advisors believe that this Agreement is the product of all of their efforts, that it expresses their agreement and that it should not be interpreted in favor of or against either COUNTY or RCS. The parties further agree that this

Agreement will be construed to effectuate the normal and reasonable expectations of a sophisticated RCS and COUNTY.

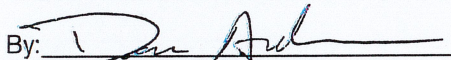
20. **Choice of Law:** This Agreement, and any dispute arising from the relationship between the parties to this Agreement, shall be governed by the laws of the State of California, excluding any laws that direct the application of another jurisdiction's laws.

21. **Venue:** All lawsuits relating to this contract must be filed in Mendocino County Superior Court, Mendocino County, California

22. **Paragraph Headings:** The paragraph headings contained herein are for convenience and reference only and are not intended to define or limit the scope of this Agreement.

WHEREFORE, the parties have entered this Agreement on the date first written above.

**REDWOOD COMMUNITY SERVICES, INC.**

By:   
DAN ANDERSON, CEO

Date: 8/8/19

**COUNTY OF MENDOCINO**

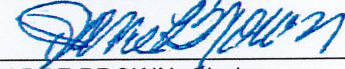
CARMEL J. ANGELO, Chief Executive Officer

By:   
PURCHASING AGENT

Date: 8.22.17

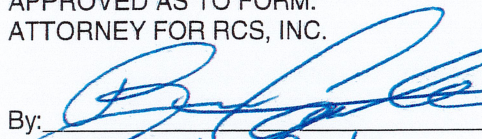
**SO RATIFIED:**

**COUNTY OF MENDOCINO**

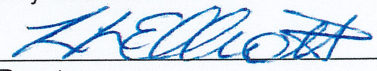
By:   
CARRE BROWN, Chair  
BOARD OF SUPERVISORS

Date: SEP 11 2019

APPROVED AS TO FORM:  
ATTORNEY FOR RCS, INC.

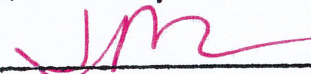
By:   
NAME Brian Carter  
Date: Aug. 9, 2019

APPROVED AS TO FORM:  
KATHARINE L. ELLIOTT,  
County Counsel

By:   
Deputy  
Date: 8/21/19

**ATTEST:**

Carmel J. Angelo, Clerk of the Board  
Mendocino County Board of Supervisors



I hereby certify that according to the provisions of Government Code sections 25103, delivery of this document has been made.

CARMEL J ANGELO  
Clerk of the Board

By:   
Deputy

- Agreement, No. 17-032 between HHSA/BHRS, and Redwood Community Services (RCS), approved by the Board of Supervisors on May 23, 2017, provided RCS with \$380,000, of Mental Health Wellness Grant funding (which is authorized for capital improvements), towards the purchase and construction of a Crisis Residential Treatment (CRT) center in Mendocino County.
- Upon entering the Agreement, RCS purchased three adjoining parcels located at 631 South Orchard on June 6, 2017, including the front undeveloped lot located at 631 South Orchard Street, Ukiah. The undeveloped lot was purchased for \$375,000.
- The Agreement required RCS to leverage additional funding for completion of the project, in addition to ensuring the completion of a CRT within 12 months of final allocation of funding, facilitating the County's reimbursement of the funding through grants from the California Health Facilities Financing Authority (CHFFA), and providing certain reports to the County.
- HHSA is informed that RCS has not successfully leveraged additional funding (either through private loans or grant funding) and RCS has not provided any formal reports to HHSA. In addition, the parties have worked cooperatively and received preliminary approval of CHFFA reimbursement, but have not been able to finalize this reimbursement.
- RCS has offered to provide the property to the County in recognition of the delay in obtaining additional funding required to complete the project and in lieu of the County enforcing its rights under this contract for return of the \$380,000.
- Over the past couple of years, RCS has made certain improvements to the property, namely completing lot line adjustments, rights of ways, and easements, necessary to the development of the ultimate CRT project.
- RCS obtained an appraisal on April 22, 2019, valuing the property at issue (comprised of two lots), at \$500,000.
- RCS has informally requested an option to purchase the parcels from the County if the County does not proceed with development of a Crisis Stabilization Unit and Crisis Residential Treatment on the property.
- HHSA, BHRS advises that the difference amounting to the appraised fair market value of the property (\$120,000), may be sourced from Medi-Cal Rate Range IGT funding already received by the department (and in a designated reserve) through its provider agreement with Partnership HealthPlan of California.
- As part of any agreement to resolve any potential breach of contract claims relating to the initial 2017 Agreement, County Counsel recommends entering a tolling agreement, which suspends the statute of limitations (i.e., the deadline within which the County would have to file a potential lawsuit), and allows the parties the time they

need to negotiate the issues associated with this agreement and the delay in completion of the CRT project.

### **August 20, 2019 – Closed Session Announcement**

- The County and RCS have agreed to terms on the purchase of the undeveloped real property located at 631 South Orchard Street in Ukiah.
- The purchase price for the property includes a release of RCS' obligations under a prior contract with the County. Specifically, on May 23, 2017, the County entered into an Agreement with Redwood Community Services (RCS), which provided RCS with \$380,000 of Mental Health Wellness Grant funding towards the purchase and construction of a Crisis Residential Treatment (CRT) center in Mendocino County. Those funds were used to purchase this property.
- Unfortunately, RCS was unsuccessful in attempting to leverage additional funding to construct a facility on the land. RCS has agreed to transfer the land to the County, in exchange for a release from its obligations under the 2017 contract. As part of the Agreement, the County will also pay RCS an additional \$43,000 to cover certain out-of-pocket expenses that affirmatively increased the value of the land. Between the two agreements, the County estimates the total purchase value at \$423,000.
- The County has also agreed to allow RCS a right of first refusal if the County sells the property in the next ten years.
- The related purchase agreement will be presented on a future Board of Supervisors' agenda for consideration and approval.

