



**MARIN COUNTY
COMMUNITY DEVELOPMENT AGENCY**

BRIAN C. CRAWFORD, DIRECTOR

FEDERAL GRANTS DIVISION

September 21, 2010

Board of Supervisors
County of Marin

SUBJECT: Release of Community Development Block Grant "Assignment of Proceeds and Grant of Lien" Senior Access
1905 Novato Boulevard, Novato

RECOMMENDATIONS:

1. Authorize President to execute Release of "Assignment of Proceeds and Grant of Lien" for the Community Development Block Grant (CDBG) capital funding provided to Senior Access for its adult day health center.
2. In accordance with guidance to be provided by the City of Novato, authorize staff to issue escrow instructions and related documents that may reduce the amount due to the County from Senior Access.

SUMMARY: Between 1985 and 1991, the County of Marin provided a total of \$149,634 in CDBG funds to Senior Access towards the purchase of the property located at 1905 Novato Boulevard, Novato, for use as an adult day health center for seniors with memory loss. In recent years, Senior Access has faced financial challenges, but is committed to maintaining its services. Part of its strategy is to sell its Novato center to LifeLong Medical Care, a nonprofit organization which qualifies for a higher Medi-Cal reimbursement rate than Senior Access could get to operate the same program. Senior Access has begun the transition by leasing its Novato center to LifeLong, which is continuing the same services that had been provided by Senior Access. Senior Access intends to use the sales proceeds to defray the

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cost of operating its San Rafael day program, which serves seniors whose fees are paid by sources other than Medi-Cal. The San Rafael program serves seniors with memory loss, although generally not as severely disabled as the clients of the Novato center.

When the CDBG funds were used to purchase the property, Senior Access signed an "Assignment of Proceeds and Grant of Lien," which provides that if the sponsor were to sell the property, 21.9% of the sales proceeds, minus closing costs, would be paid to the County for reuse in the CDBG program. In similar situations, CDBG staff have interpreted "closing costs" to include the cost of improvements made to prepare the property for sale. If we give Senior Access credit for all the improvements it has ever made to the building, they would owe the CDBG program \$139,005 from the sales proceeds.

However, Senior Access is facing extraordinary financial distress. Even in good economic times, it is a struggle to market their services and to raise funds because of the stigma associated with using an adult day health program. Although Marin has many residents coping with memory loss and dementia, the actual use of the Senior Access program is small compared to the documented need. In the last year, a State of California grant program that had provided \$80,000 a year to Senior Access was eliminated due to the state budget crisis. Meanwhile, support from other sources has declined, despite the excellent quality of services offered by Senior Access. If Senior Access ceases operations, we should not expect that another nonprofit will emerge to offer the same service in Marin anytime soon.

Senior Access has requested that the County waive some or all of the repayment that would otherwise be due under the terms of the CDBG lien agreement. Staff recommends that the Board of Supervisors open the way to modifying the terms of the CDBG lien agreement in order to assist Senior Access. Because the funds originally provided to Senior Access were from the Novato Planning Area component of CDBG, any proceeds coming back to the CDBG program would be made available to the Novato City Council for distribution to Novato area projects, subject to ratification by the Board of Supervisors. City of Novato staff are planning to bring to the City Council the question of how much should be collected in exchange for releasing the Senior Access lien agreement. It may take some time for the City's process to conclude. However, LifeLong wants to proceed quickly with its purchase of the Novato site, so that it can put favorable purchase financing in place.

To avoid delaying the sale of the property, staff recommends that the Board of Supervisors authorize the Board President to execute the attached Release of "Assignment of Proceeds and Grant of Lien" for the CDBG capital funding provided to Senior Access, and authorize staff to issue escrow instructions and related documents that may reduce the amount due to the County from Senior Access, in accordance with direction to be provided by the City of Novato. Specifically, the County's escrow instructions would authorize the title company to close the sale and record the Release document in exchange for setting aside \$139,005 from the Senior Access sales proceeds, in anticipation of final instructions from the County

as to what portion of that amount will be disbursed to the County and/or Senior Access. Sometime after the sale occurs, the City of Novato would tell the County how much to collect from the sales proceeds (up to a maximum of \$139,005) in exchange for the CDBG lien release. After that payment, any remaining funds would be released to Senior Access. The recommended actions could, in effect, limit the term and amount of the CDBG lien agreement.

FISCAL IMPACT: The sale of the Senior Access property may result in a payment to the County for re-use for future CDBG projects. Any such payment will be treated as CDBG Program Income, which is added to the amount of CDBG funds available to the County. In accordance with local policy, because the CDBG funding for this project was from Novato Planning Area funds, any proceeds returned to the CDBG Program from the sale will be treated as CDBG Novato Planning Area funds, for which the Novato City Council makes allocation recommendations. Because the County's contribution to this project and any returned funds are federal CDBG funds, there is no financial impact on County general funds.

REVIEWED BY:	<input type="checkbox"/> Auditor Controller	<input checked="" type="checkbox"/> Not Applicable
	<input checked="" type="checkbox"/> County Counsel	<input type="checkbox"/> Not Applicable
	<input type="checkbox"/> Human Resources	<input checked="" type="checkbox"/> Not Applicable

Roy Bateman
Community Development Coordinator

cc: Tim Wong, City of Novato