

**TOWN OF YOUNTVILLE**  
**MINUTES OF SPECIAL COUNCIL MEETING**  
*August 13, 2007*

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**1. CALL TO ORDER 2:30 P.M.**

Mayor Saucerman called the meeting to order at 2:30 p.m.

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**2. ROLL CALL**

**Mayor and Town Councilmembers Present:**

Mayor Cynthia L. Saucerman, Vice Mayor John F. Dunbar and Councilmembers William "Bill" Dutton, Steven C. Rosa and Lewis G. Chilton

**Town Staff Present:**

Bob Tiernan, Interim Town Manager/Planning Director; Amy L. Valukevich, Town Attorney and Michelle Price, Town Clerk

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**3. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA (FIVE MINUTE LIMITATION PER SPEAKER)**

No Public Comment.

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**4. CLOSED SESSION**

**A. PUBLIC EMPLOYEE RECRUITMENT/APPOINTMENT (Pursuant to Government Code Section 54957):**

Title: Town Manager

**B. CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION**

Significant Exposure to Litigation pursuant to subdivision (b) of Section 54956.9:

Number of Cases: (One)

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**5. REPORT OF CLOSED SESSION**

Amy Valukevich, Town Attorney, reported on Closed Session Item 4A stating that Council appointed the same subcommittee already appointed to participate in interview process to continue as the negotiating team in the recruitment for the Town Manager position.

Closed Session Item 4B – No Reportable Action

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**6. CONSIDER REQUESTS FOR AFFORDABLE HOUSING FUNDING ASSISTANCE REGARDING THE AD HOC AND FINNELL ROAD AFFORDABLE HOUSING PROJECTS.**

*Mayor Saucerman recused herself due to a conflict of interest resulting from her primary residence being located within 500' of the French Laundry Property and there is a direct correlation with this project and the project proposed to be built on the French Laundry site and left the Council Chambers.*

*Councilmember Rosa recused himself due to a conflict of interest resulting from his primary residence being located within 500' of the affordable housing portion of the subject project and left the Council Chambers.*

*Vice Mayor Dunbar will chair the item.*

FINNELL ROAD AFFORDABLE HOUSING PROJECT

Bob Tiernan, Interim Town Manager/Planning Director, presented oral report regarding funding for the Finnell Road Affordable Housing project located on the Bardessono site.

Interim Town Manager/Planning Director Tiernan would like to confirm Council consensus given back in February 2007 regarding a request made for financial contribution to the Bardessono site out of the Housing Opportunity Fund in the range of \$600,000 to \$700,000 and that included design costs which is \$700,000, waiving of processing and permit fees and deferment of impact fees. The decision at that meeting was Council consensus to support that financial contribution.

Interim Town Manager/Planning Director Tiernan advised Napa Valley Community Housing (NVCH) is preparing the application submittal and needs a formal Letter of Commitment from the Town in the amount of \$700,000 which commits that money for the purpose of construction of the affordable housing on the Bardessono site. In addition, language needs to be in the letter confirming Council is waiving the processing and permit fees and is deferring the impact fees.

Councilmember Chilton questioned what keeps affordable housing from converting back to normal housing after the fees are deferred for the 30-year period.

Interim Town Manager/Planning Director Tiernan responded that after the 30-year period NVCH would own the property and the Town would have an agreement with NVCH to maintain the property as affordable housing.

Becky Boulton, Project Manager, Napa Valley Community Housing, commented the difference between the waived fees and the deferred fees is that the deferred fees are spread out over a 30-year period and if there is an excess cash flow, then those are possibly paid back but they subordinate to each other, so the likelihood of those getting paid back is very rare and it actually benefits the project to have those fees waived because it shows as a form of financing that the Town is contributing more to the project than the \$700,000 in cash.

*Public Comments*

Steve Bardessono commented he is glad Councilmember Chilton brought up the question of the perpetuity of the project and he has a profound interest of making sure that happens. Mr. Bardessono further commented that he would like this subject to be pursued and he would like to be involved in the process.

*Closed Public Comment*

Amy Valukevich, Town Attorney, responded to the restrictions for affordability which can be implemented through some type of regulatory agreement that is a deed restriction recorded against the property and is ultimately the mechanism whereby the affordability constraints are retained and enforced. Staff would be happy to work with Mr. Bardessono on the form so the terms of his Development Agreement and the Town's expectations are upheld and maintained with the relationship everyone has with NVCH.

**ACTION: A Motion by Councilmember Chilton; Seconded by Councilmember Dutton authorizing the acceptance of existing funding agreement as it pertains to Finnell Road was unanimously approved.**

**Ayes: Chilton, Dutton and Dunbar**

**Noes: None**

**Absent: None**

**Abstain: None**

**Council further authorized Interim Town Manager/Planning Director Tiernan to sign the Letter of Intent and other documents that NVCH needs to support their Application.**

AD HOC AFFORDABLE HOUSING PROJECT

Bob Tiernan, Interim Town Manager/Planning Director, presented oral report regarding the Ad Hoc Affordable Housing project and for the purposes of pursuing financing for the Ad Hoc and Finnell Road projects which are combined as a 36-unit application that NVCH will make for tax credit and home financing and other funding means.

Interim Town Manager/Planning Director Tiernan advised of a meeting held approximately one week ago with Town Staff, Becky Boulton, NVCH, Michael Holman, Attorney, Dickenson, Peatman & Fogarty (DP&F) and telephone call with Vice Mayor Dunbar. The purpose of the meeting and the request is the Applicant is seeking assistance with the \$632,000 which is their portion of the funding for the affordable housing projects.

In summary, the Finnell Road and Ad Hoc Affordable Housing projects are a joined Application of a 36-unit, scattered site Application and they are fairly linked together at this point. If the Application does not go forward as a 36-unit project, then it is mostly likely the implication for the 25-units on the Bardessono site would be delayed one year. We can go back and apply on just that project alone; however, all of the documents would need to be amended in order to submit.

The Applicant is requesting a loan in the above-referenced amount and also via email committed to donating the affordable housing site of the parcel assuming the project goes forward.

Vice Mayor Dunbar clarified that his involvement in both meetings was by telephone with Interim Town Manager Tiernan, Michael Holman, Attorney, DP&F and Becky Boulton, NVCH.

Councilmember Chilton disclosed that he met with representatives from the Keller group including Michael Holman and did talk to NVCH on separate occasions regarding this topic.

Becky Boulton, Project Manager, Napa Valley Community Housing, clarified the total fee waiver is \$584,000 and approximately \$390,000 was for Finnell Road and \$171,000 was for Ad Hoc and \$16,000 was for actual permit processing, so the majority was the impact fees.

Michael Holman, Attorney for Applicant, Aloysious Inn clarified that dedication of property is not an issue and has negotiated with NVCH the transfer documentation and will be signing off on August 14, 2007 and those documents have no contingencies within them with respect to building the Inn project.

Mr. Holman commented on the \$632,000 and indicated it has been clear that this money would be financed in some way against assessments levied against the Inn project. There have been discussions regarding different ways of doing that and two years ago it was discussed as a TOT tax and after discussing with Mr. Tiernan and the former Town Manager, this option would have required a vote of the people and did not want to do that. In the end he was decided they would be voluntarily committing to an assessment against the Inn within the Development Agreement that would pay that \$632,000 over time (approximately 2 to 3 years).

Essentially what has happened on their side is that the timing for financing which is due on August 15, 2007 has greatly accelerated our process on how this \$632,000 gets paid and he knows if this does not happen their project as a whole collapses on itself or NVCH has an Application that has been submitted that needs to be redone.

Nevertheless, the \$632,000 given the other monies including the land that has been contributed from the developer's point we have reached our tolerance of risk and are not willing to write a commitment letter for an additional \$532,000 in cash without

having some type of agreement reached with the Town that the money is going to be repaid from an assessment or otherwise

*Public Comment*

Donna Heine commented on the following:

- Shocked that this information about the shortage was not made available until last week.
- Concerned about Ad Hoc financial group not being able to come up with plan by October when the second application has to be submitted.
- Concerned about another year delay for refileing which in essence splits and removes the eleven Ad Hoc units project.
- Does not feel that reducing the Town's Contingency Funds is the best way to go, if something serious happened.

Richard Gervasio commented on the following:

- Town is mandated by State of California to provide affordable housing and the Town is trying its best to meet those goals.
- Concerned about contingencies proposed by the developer and the additional burden to Council.
- Concerned about additional funds being asked to be provided by the Town and wanted to know what collateral will be put up against the money.
- Thinks it is irresponsible for the developer at this point to put this new burden on Council.

Billie Hewitt commented on the following:

- Questioned if the project was split into two projects, could the 11 units be developed at a later date and indicated it seems better to do the project all at once.
- Hates to see the Town's Special Project funds used for this project.
- Concerned about taking money away from Town beautification, tree removal and park contingencies and state it would be a real disservice to the community at large.

Vice Mayor Dunbar responded to some of the concerns raised, as follows:

- Commented the way Ms. Boulton described the project it is not a fundable project as 11 units. She would be unable to find funding sources and it would not qualify for tax credits or any of the other funding sources.
- Town is still working on collateral as part of the discussion because we are not getting a satisfactory answer.
- Clarified that it is the Inn Partnership Mr. Holman is representing which is asking the Town to front the money and not NVCH because they did not realize the dollars were due upfront. They have already committed a parcel valued at approximately \$1 Million to NVCH regardless of what happens Wednesday.

Interim Town Manager Tiernan commented Vice Mayor Dunbar's explanation sounds right. In looking at the last memo of August 7, 2007 addressing the dedication of the land from Mr. Holman indicating three conditions he is authorized to offer at this point. One condition is they will proceed with the dedication of the land as previously indicated provided that the funding issues are resolved.

Michael Holman clarified there is a condition within the lease option that they have the local funding they need to build before they can exercise which means they are not going to take the land and sit on it for over a year. NVCH cannot take land without building the project.

Michael Holman clarified all of the contingencies, as follows:

- There is a lease option that expires in January 2009 that NVCH has to exercise before then. In order to exercise, they have to have their funding applications together and approved.
- Per his conversation with Sue Dee Shenk today, NVCH does not have to have the cash, but does have to have the funding approvals met in sufficient amounts to build per the application they are putting together today. Yes, they would have to fill the gap, but there is other ways to do it and they would have to provide paperwork showing they could fulfill it.

Billie Hewitt asked if the 11 units are not built at Ad Hoc what happens to the Aloyisious Inn project and are they all tied together. Ms. Hewitt requested further clarification about what happens if the Inn Developer indicates they came forward with a good faith effort to build the Affordable Housing Project and Council would not less them do it, would the Inn Developer be able to go ahead and do the Inn project without the eleven affordable housing units.

Interim Town Manager Tiernan, clarified that in order to have a complete application submitted for the Inn, they have to resolve the affordable housing component to the satisfaction of the Town Council and without that in place (noting the application has not been submitted yet) the application would not be complete.

*Public Comment Closed*

Councilmember Chilton commented on the following:

- It is worthwhile for Council to consider making a loan of \$300,000 from the Town's Housing Opportunity Fund and would only support if there was some sort of collateral for the \$300,000 whether it be a deed restriction on land the Inn would be built or something in place to recover the \$300,000 down the line.
- Otherwise, if above does not occur, application should proceed without the \$532,000. When October 1, 2007 comes along, the application should go forward and he suggests Inn Developer reserve an additional 1 to 2 units for farmworker housing. The idea of 36-affordable units in Yountville with only four going to the very broad category of farmworker housing is not realistic.
- A delay for one year is a bad idea.

Councilmember Dutton commented on the following:

- Echoed Councilmembers Chilton's comment to delay the project any further is a bad idea.
- Expressed concern to Mr. Holman regarding promises from Mr. Keller that do not get done and he is not sure if it's Keller's call or the investors. He's concerned that in 12 weeks the promises are not going to be met based on previous track record. He hopes to see a change.
- Agrees that the Town needs collateral.

Vice Mayor Dunbar commented on the following:

- Believes the conversation tonight has been a waste of the Council's time and thinks it is unrealistic of the Inn developer to expect the Town to fund an unsecured loan with unknown terms and interest rates. Vice Mayor Dunbar further commented he expected the conversations from last week would be a foundation for development of a proposal to discuss and potentially approve tonight.
- Only slight change he hears from Inn developer is a steadfast commitment to donate parcel of land, but that has a caveat as long as NVCH proceeds with housing within one year.
- Expressed his support for the Ad Hoc affordable housing project through all of its iterations.
- Town is at risk of losing 11 affordable housing units and is disappointed that the Inn developers cannot show more good faith.
- The Town agreed to move the development off site and we have made several good faith efforts for this project and are still willing to discuss options.
- Not willing to put the Town's money at risk just because the Inn developer does not want to take on more risk.
- Echoes Councilmember Chilton's comments to proceed with the application.
- Cannot support funding a half million dollars of unsecured money tonight.

**ACTION: The Council unanimously agreed to decline to make a motion in regard to the funding request by Ad Hoc.**

Amy Valukevich, Town Attorney, suggested as an alternative that Council direct staff and NVCH to work on this application "as is" without any formal commitment of the \$532,000.

Council directed staff to work with NVCH on the application without securing the \$532,000.

Councilmember Chilton requested clarification of the process in regard to possible changing the farmworker housing mix.

Following discussion Vice Mayor Dunbar suggested a future meeting October 2 or earlier for Council to discuss and make policy decision regarding altering the farmworker housing makeup of 36 units.

*Mayor Saucerman and Councilmember Rosa returned to the Council Chambers for the remainder of the meeting.*

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**7. ADJOURNMENT**

Adjourned to the Town Council Special Meeting Tuesday, August 14, 2008 at 5:30 p.m.

ATTEST:

/s/ Michelle Price, Town Clerk

Approved by Town Council:

February 5, 2008