

GOVERNMENT CENTER PROJECT FEASIBILITY ANALYSIS UPDATE

CITY COUNCIL STUDY SESSION
APRIL 27, 2021



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Planning and Economic Development

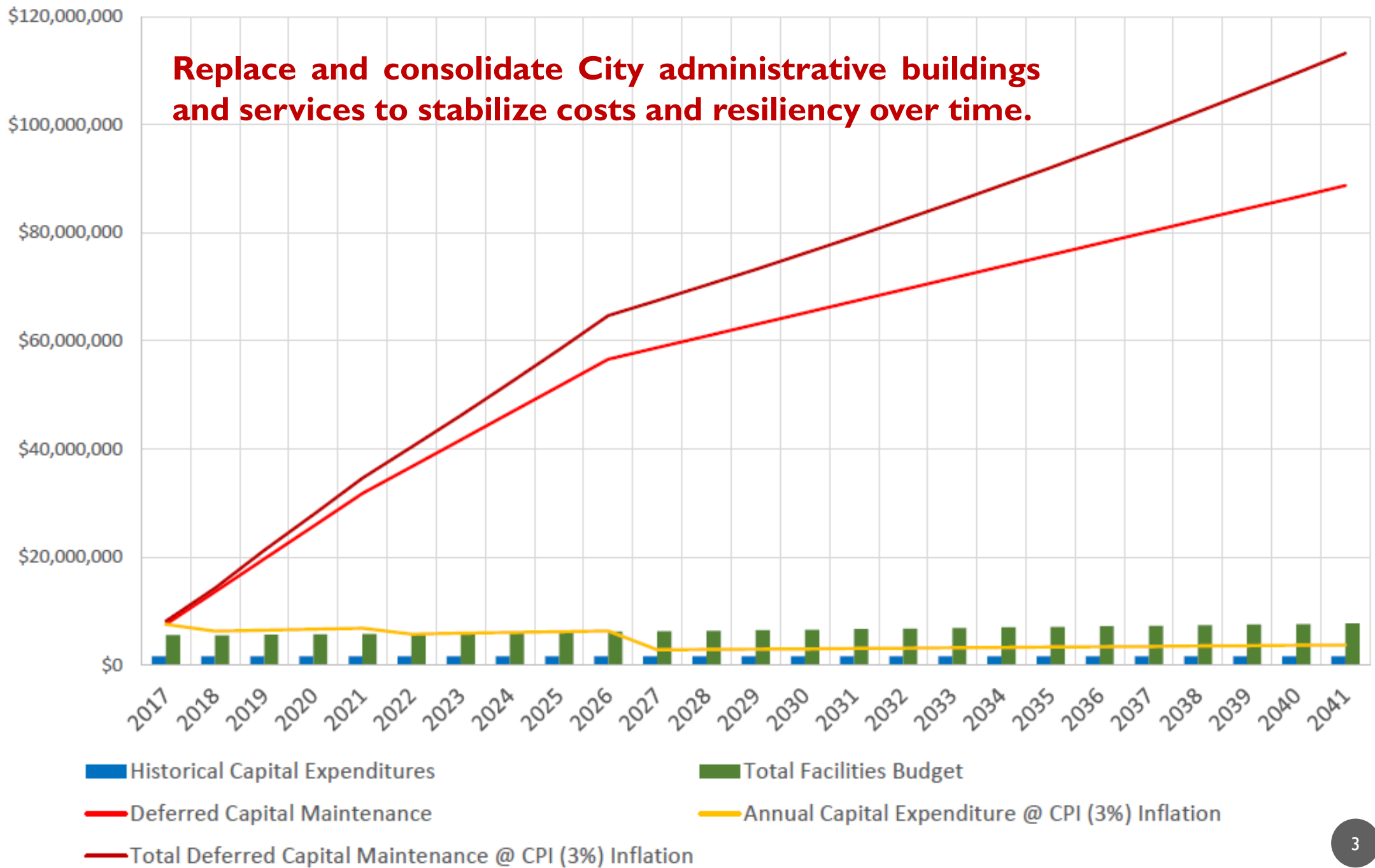
Jason Nutt
Assistant City Manager
Operations & Transportation

P3 GOAL

To increase land availability for housing and mixed use development through the consolidation of government services into a denser, more potent land use, thus providing streamlined access to services.



DEFERRED CAPITAL MAINTENANCE ALL FACILITIES





**TRADITIONAL
(non-P3)**

Design-Bid-Build
(DBB)

**PUBLIC-PRIVATE PARTNERSHIPS
(P3)**

Design-Build
(DB)

Operations &
Maintenance
Contract
(O&M)

Design-Build-
Finance
(DBF)

Other private
financing

Design-Build-
Finance-
Operate-
Maintain
(DBFOM)

Design-Build-
Finance-
Operate
(DBFO)

Long-term
lease
concession

Build-Transfer-
Operate
(BTO)

Lease-Build-
Operate
(LBO)

Build-(Own)-
Operate-
Transfer
(BOT or BOOT)

**FULL
PRIVATIZATION
(non-P3)**

Build-Own-
Operate
(BOO)

Private sector
owns &
operates

Asset sale

Buy-Build-
Operate
(BBO)



JLL DELIVERABLES



Visioning & Goal Setting

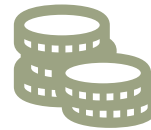
Development of overarching and specific goals



Market Analysis & Surplus Strategy

Site analysis describing risks and opportunities

- Menu of real estate and financing options
- Potential costs, and technical and zoning constraints associated with sites



Affordability & Financial Analysis

Analysis of financial costs and methods of financing

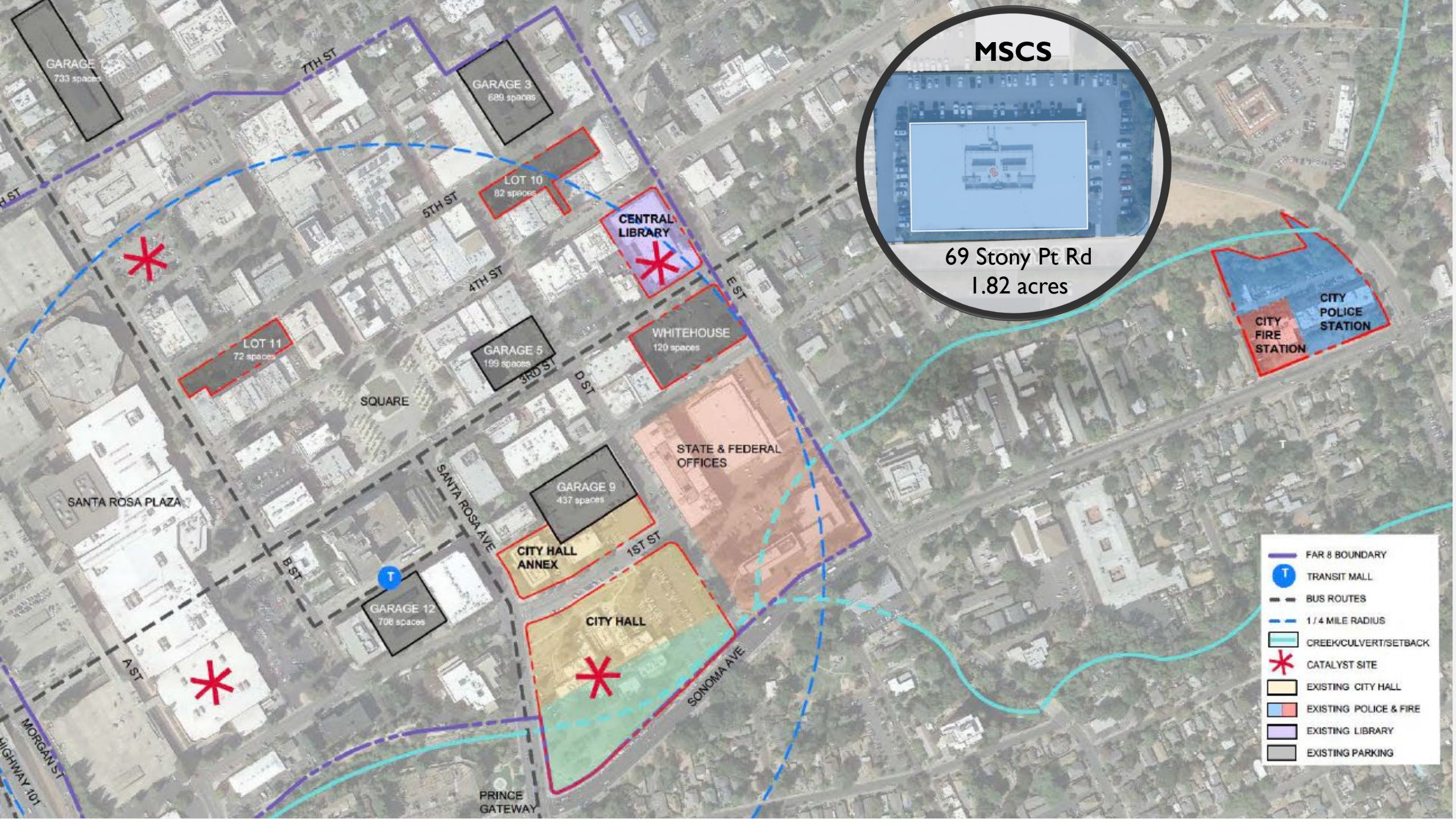
- Debt service payment analysis vs. financing structures and delivery methods



Summary of Conclusions

Due February 2020





MSCS



69 Stony Pt Rd
1.82 acres

-  FAR 8 BOUNDARY
-  TRANSIT MALL
-  BUS ROUTES
-  1/4 MILE RADIUS
-  CREEK/CULVERT/SETBACK
-  CATALYST SITE
-  EXISTING CITY HALL
-  EXISTING POLICE & FIRE
-  EXISTING LIBRARY
-  EXISTING PARKING

GARAGE
733 spaces

GARAGE 3
689 spaces

LOT 10
82 spaces

CENTRAL
LIBRARY

WHITEHOUSE
129 spaces

GARAGE 5
199 spaces

GARAGE 9
437 spaces

STATE & FEDERAL
OFFICES

GARAGE 12
708 spaces

CITY HALL
ANNEX

CITY HALL

CITY
FIRE
STATION

CITY
POLICE
STATION

7TH ST

5TH ST

4TH ST

3RD ST

E ST

D ST

SQUARE

SANTA ROSA AVE

1ST ST

SONOMA AVE

SANTA ROSA PLAZA

B ST

A ST

MORGAN ST

HIGHWAY 101

PRINCE
GATEWAY

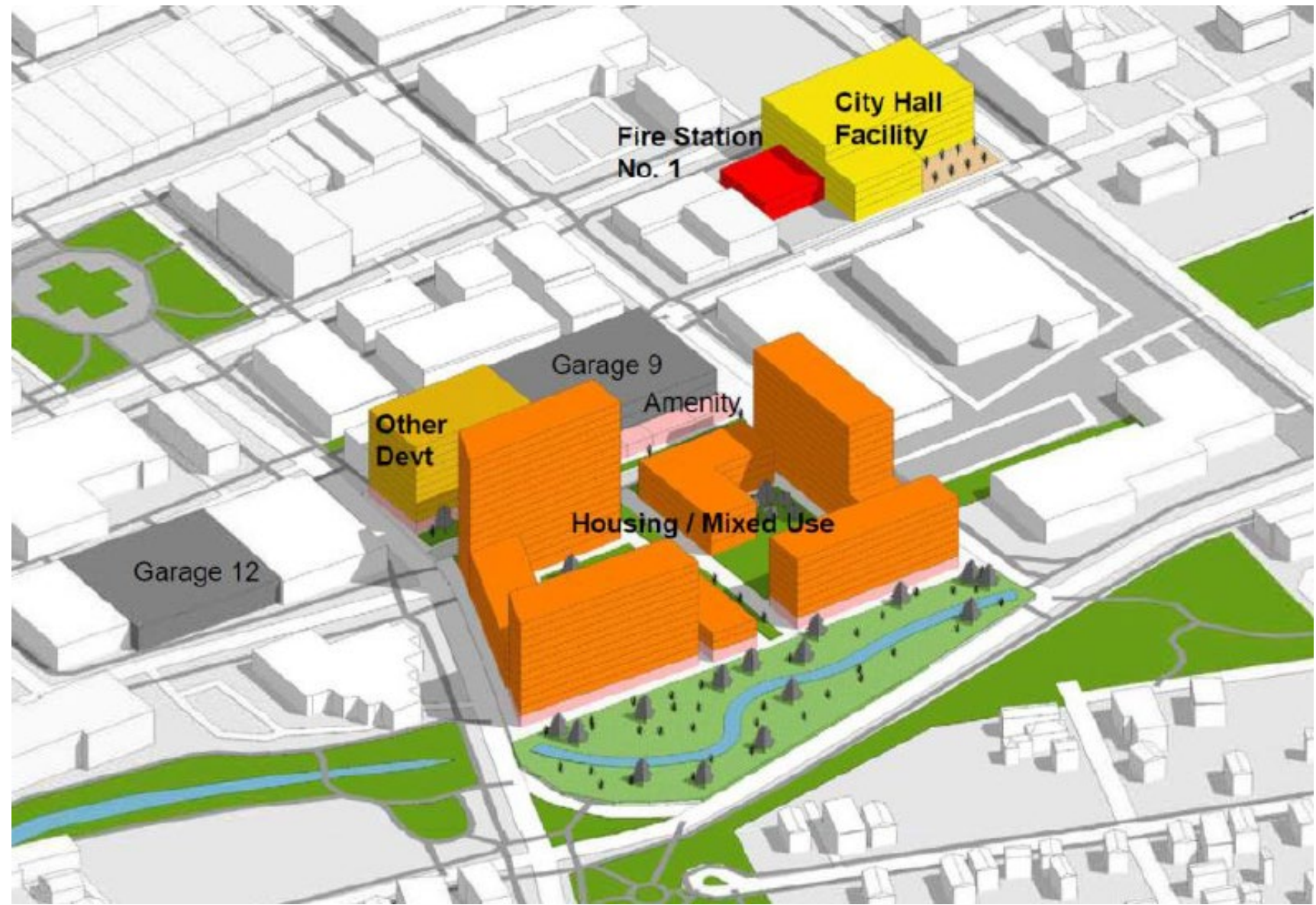
CURRENT FACILITIES:	Staff	GSF/Staff	GSF	Fleet Parking	Visitor Parking	Staff Parking	Total Parking
GENERAL GOVERNMENT	419	299	129,528	129	48	317	494
CENTRAL LIBRARY			20,000		20		20
PUBLIC SAFETY	273		57,012	122	11	150	283
SCHOOL DISTRICT	135		?				?
COUNTY	?		?				?

PROGRAM ASSUMPTION (10% growth)	Staff		GSF				Parking
GENERAL GOVERNMENT	461	260	124,300	129	48	317	~500
CENTRAL LIBRARY			20,000		20	?	
PUBLIC SAFETY	287		62,700	122	11	150	~290
SCHOOL DISTRICT	148	250	37,000	?	?	101	~100?
COUNTY	850?		300,000	?	?	800	~800?

*Parking needs to be determined based on zoning and City policy. Currently City has parking for 76% of office staff. Program assumption is 68% of office staff

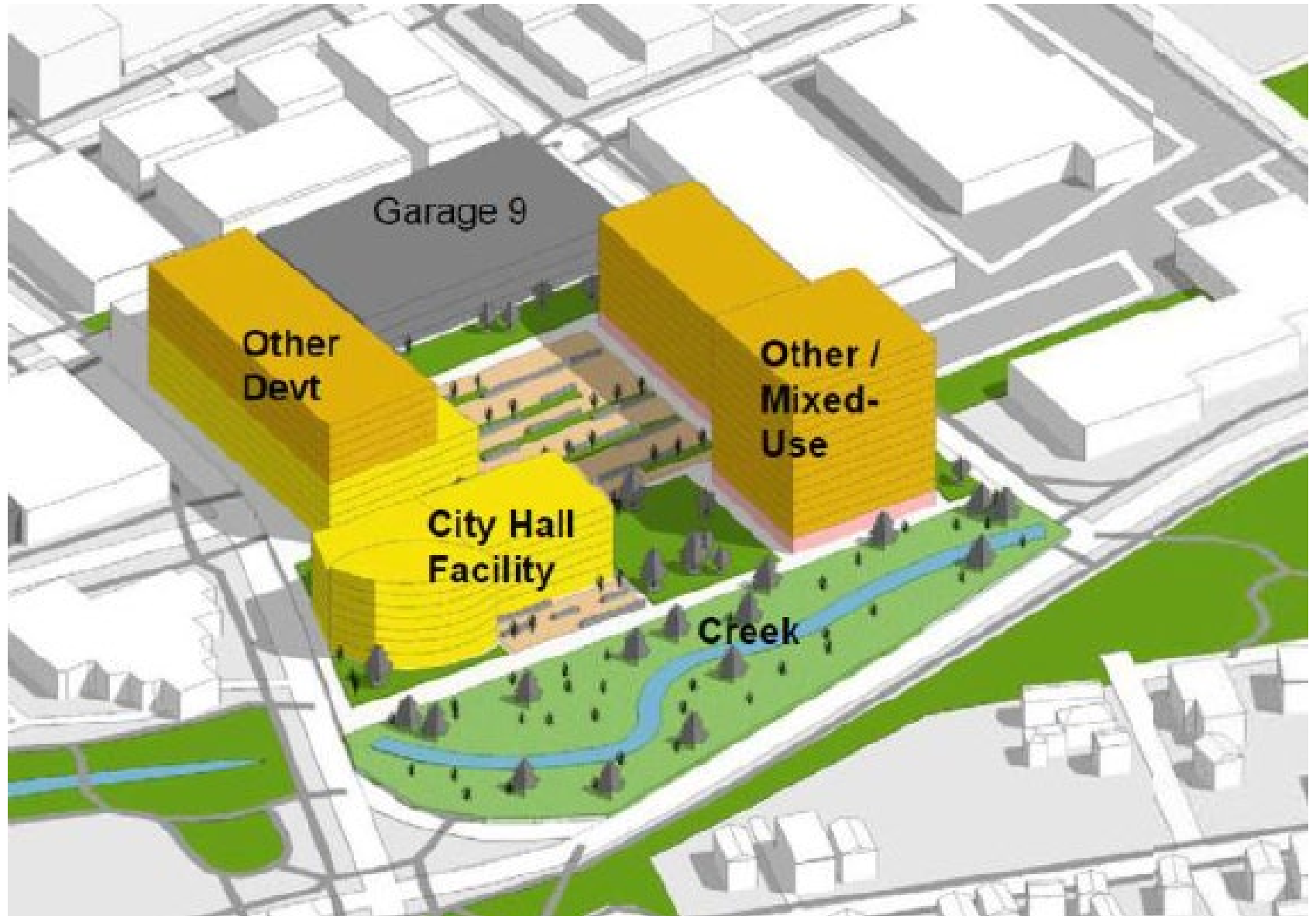
PROGRAM TEST FITS





OPTION A:
URBAN CORE





**OPTION B:
CITY HALL
GATEWAY**





**OPTION C:
CIVIC
SERVICE HUB**



OPTIONS A & B:
POLICE
MAIN STATION



CONCEPTUAL COST COMPARISON

Program
<p>All options include:</p> <ul style="list-style-type: none"> • City Hall • Library • Partner Space • Public Safety (w/o Fire Station) • Fire Station No. 1 • Creek Daylighting Project Allowance • Demolition/HazMat Allowance • Swing Space (Except Option A) • Contingency (add'l site work, etc) <p style="text-align: right;"> Total Est. Capital: \$290 M Est O&M Yr 1: \$2.5 M Est Cap. Renewal Yr 1: \$3.2 M </p> <p>Options B & C allow for County program (no cost to City)</p>

Parking
<ul style="list-style-type: none"> • Absorb surplus spaces w/i downtown radius • 1,118 spaces available before Program • City Hall / Library: 520 spaces • Partner: 100 spaces • County (Option B & C): 900 spaces (Requires county construction of a new garage)

Development Summary			
	Option A	Option B	Option C
Summary	Relocate City Hall and Fire Station No. 1 to Whitehouse Site, PS moves to Stony Point	New joint civic campus w/ County at current City Hall site, PS moves to Stony Point, new FS No. 1 on Sonoma Ave	Redevelopment of City Hall at current site, campused with Public Safety
Financial Assumptions			
	Option A	Option B	Option C
Total Est. Project Cost	\$283 M	\$285 M	\$285 M
Potential Surplus Sites			
	Option A	Option B	Option C
	Central Library Public Safety Bldg Site Public Parking Lot 10 Public Parking Lot 11 City Hall Campus City Hall Annex	Central Library Public Safety Bldg Site Public Parking Lot 10 Public Parking Lot 11 Whitehouse Site	Central Library Public Safety Bldg Site Public Parking Lot 10 Public Parking Lot 11 Whitehouse Site MSCS
Total Potential Offsetting Capital:	\$22 M	\$17 M	\$18 M
Resulting Finance Amount	\$261 M	\$269 M	\$267 M
Debt Service	\$15.1 M	\$15.5 M	\$15.4 M
	\$.8 M	\$.8 M	\$.8 M
	\$1.9 M	\$1.9 M	\$1.9 M
Remaining Payment Due	\$12.4 M	\$12.8 M	\$12.7 M
NPV of Expenditures	\$387 M	\$394 M	\$392 M

FINANCING ALTERNATIVES

General Obligation Bonds

- Lowest cost of debt
- Can be limited to the public safety portion

Lease Revenue Bonds

- Option for non-public safety portion
- Increase in specific taxes

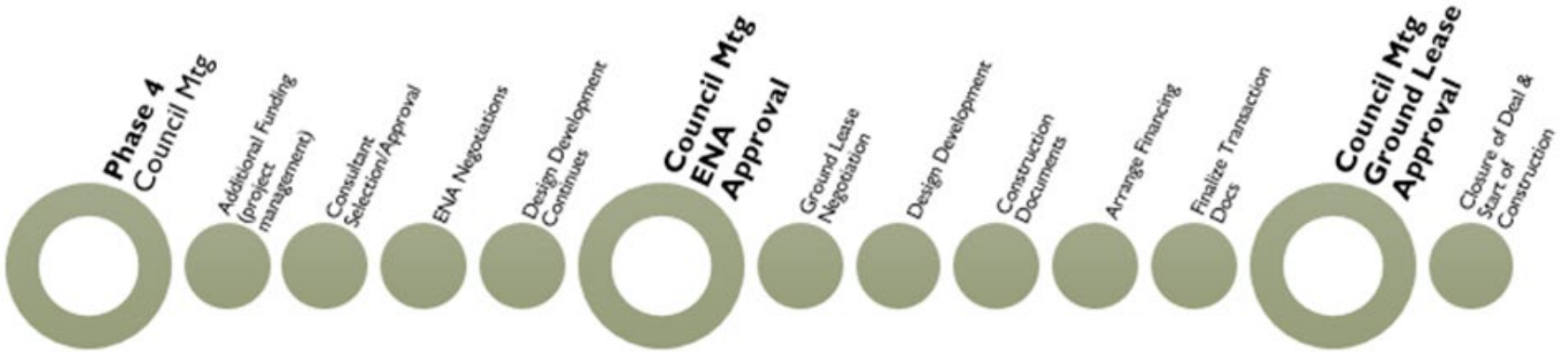
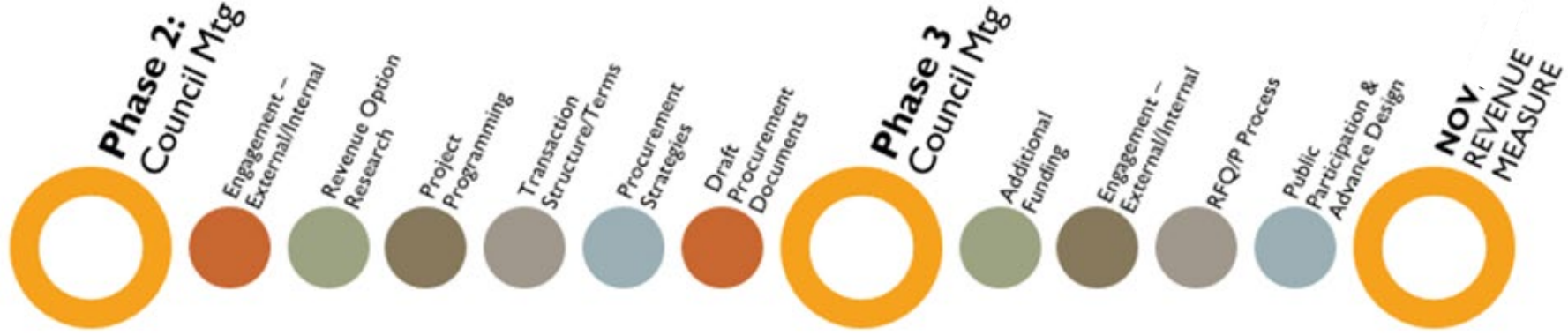
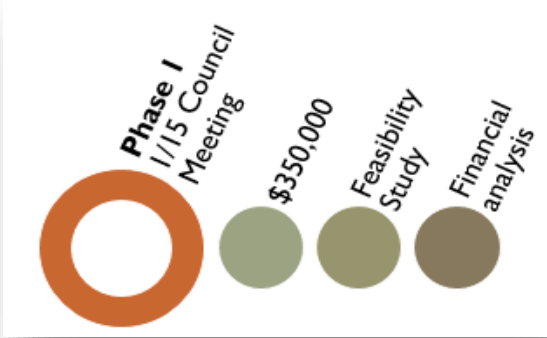
Other Bond Options

- Comm. Facilities District special tax bond
- Assessment District Bonds
- Revenue Bonds

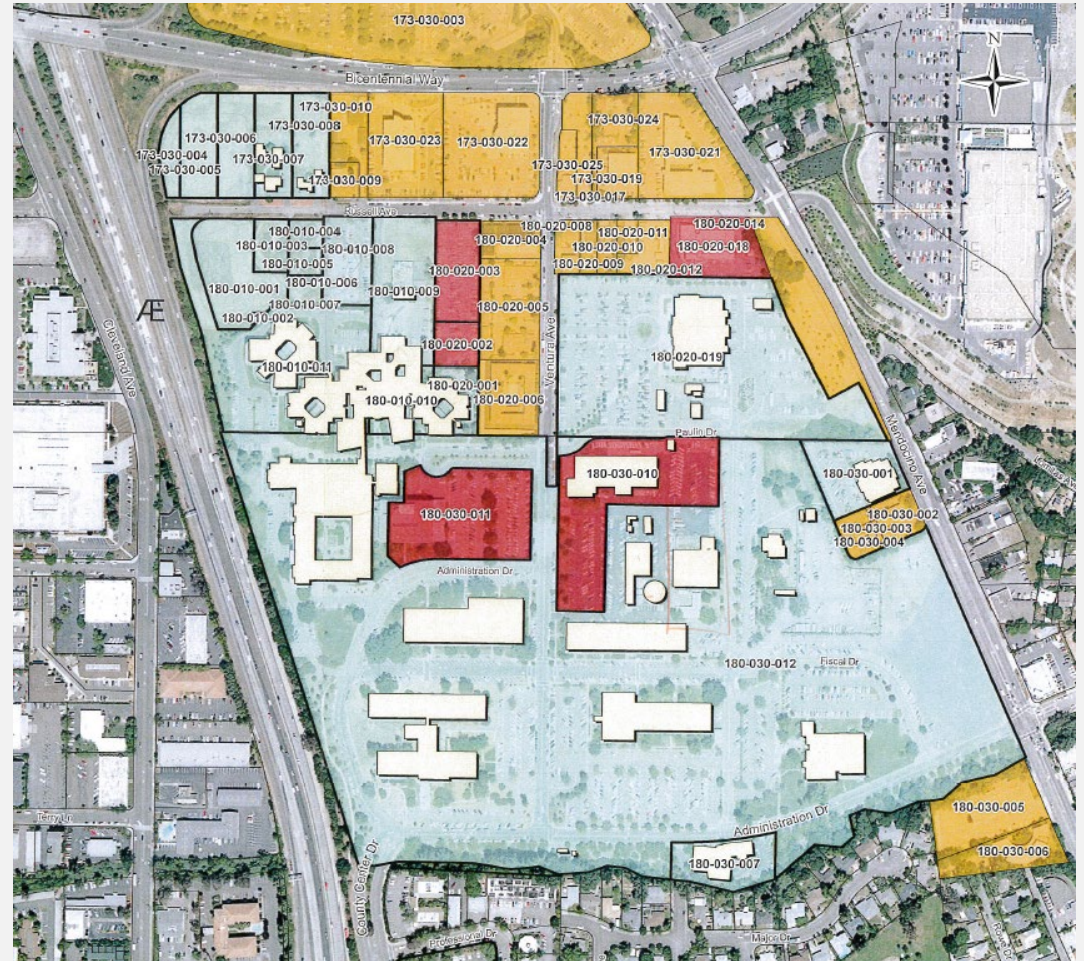
Infrastructure Finance District



CITY TIMELINE



COUNTY OF SONOMA PROJECT OVERVIEW



CONCLUSION - SITE EVALUATION FINDINGS

MOST FEASIBLE SITES

Admin. Campus

Downtown
Tandem

Airport



Program Accommodation

Yes, full program

Yes, modified
base case

Yes, modified
base case



Design issues & Relative
Complexity

Moderately complex

Complex - two 240 ft.
towers, no or ltd. parking

Moderately complex



Schedule / Acquisition / Impacts
to Existing Use

Neutral - swing space
required

High impact to library /
potential to delay

High impact to Water
Agency- entire site
needed/ potential to delay



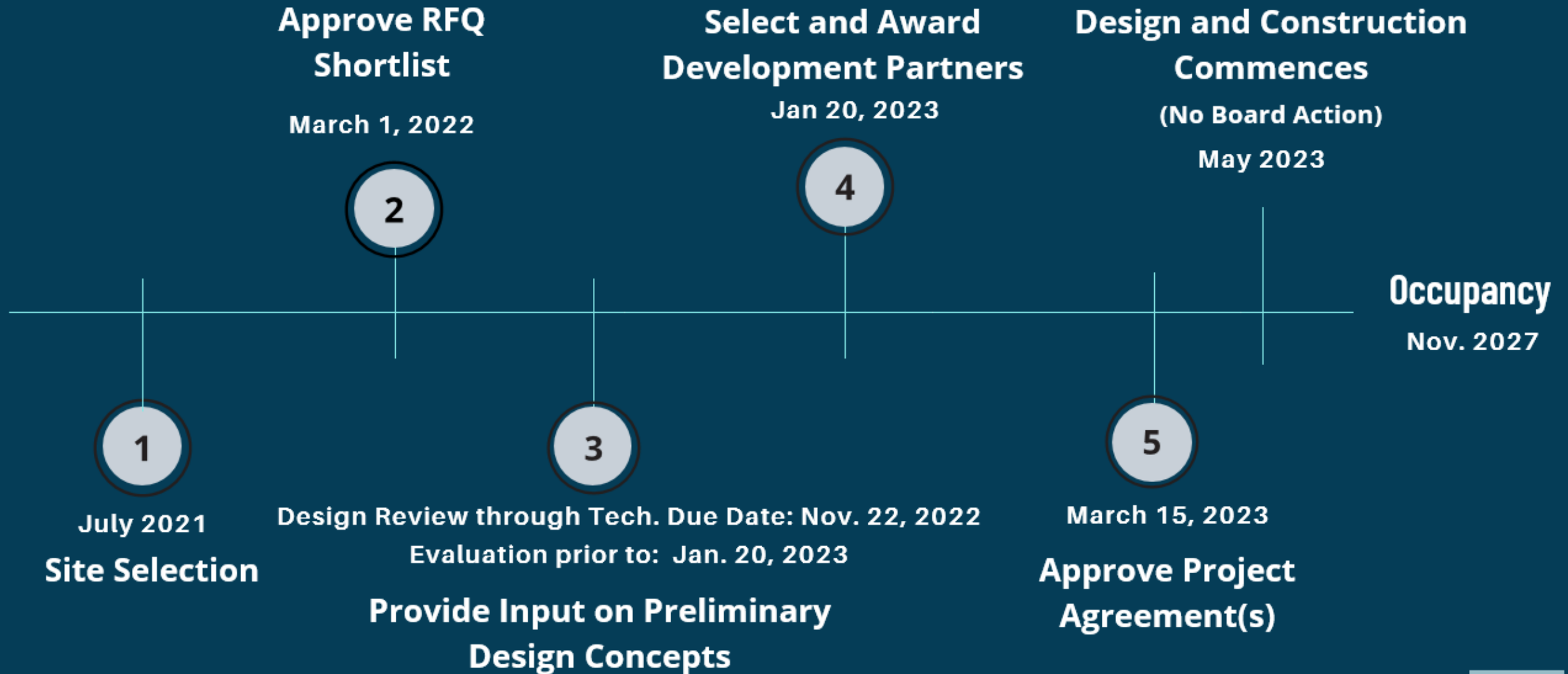
Relative Cost

Required 1.6% swing
space premium /
parking structure
required

Estimated 5-15% high-
rise cost premium / off-
site parking required

Relocation of Water
Agency

BOARD ACTION TIMELINE



OPTIONS

- A. **Continue separately**
City on City land / County on County land
- B. **Develop jointly**
 - 1. Downtown City sites
 - 2. Downtown privately held parcels
 - 3. County Admin site
- C. **Potential other partner considerations**

CITY/COUNTY DECISIONS

- **Site Acquisition**
General Agreement on price and terms for acquisition of City Hall and White House site.
- **Parking Agreement**
General Agreement on total parking need and approach (garage structure/existing parking or some combination) to meet parking requirements.
- **Surplus Timeline**
Agreement on timeline for City to surplus (if legally necessary) the properties to County

ALL ITEMS NEEDED IN ADVANCE OF JULY 20TH BOARD MEETING

COUNTY REFERENCE SLIDES
(SLIDES 21-36)

WHERE WE ARE

Aug - Oct 2019

Confirm Goals & Objectives

- Confirm goals and objectives
- Engage key stakeholders



Jan 2021

Procurement

- Market Sounding
- Request For Qualifications
- Negotiations
- Preliminary environmental studies



Jan 2025

Begin Construction & Post Occupancy

- Operations & maintenance
- Move and occupancy



**PHASE
COMPLETED**



Oct - Dec 2020

Preliminary Site Selection

- Validate program
- Evaluate potential sites
- Review and analyze financials
- Engage stakeholders

Mar 2022

Design & Regulatory

- Receive proposals, recommendation for award
- Design
- Final CEQA (by County)



Mar 2026

OCCUPANCY



PHASE 2 FINDINGS
PRESENTED TODAY

CURRENT STAFFING OWNED & LEASED SPACE



Total Staff

FTE: 4,105

**FTE ON CAMPUS:
1,697**

**FTE IN LEASED
SPACE: 2,100**

**FTE MOVING TO NEW
FACILITIES: 2,443**



Total Space

**AVG. SQ. FT. PER
PERSON: 302**

**TOTAL OWNED SQ.
FT.: 2,010,897**

**OFFICE LEASED
SQ. FT.: 478,351**



Specialty Space

EOC SQ. FT.: 5,400

**MORGUE SQ. FT.:
7,550**

**PUBLIC HEALTH
LAB SQ. FT.: 1,500**

FACILITY ASSUMPTIONS

PRE-COVID BASE CASE PROGRAM

- Total space required: 756,149 sq. ft.
 - Office space: 696,699 sq. ft., based on 225 sq. ft./person+ 20% common area and .5% annual growth
 - Specialty space: 41,450 sq. ft.
 - Morgue and Public Health Lab: 26,450 sq. ft.
 - BOS Chambers/Offices: 5,000 sq. ft.
 - EOC Warehouse: 5,000 sq. ft.
 - Server room & misc.: 74,550 sq. ft.
 - Training and multi-use: 18,000 sq. ft.
 - EOC Center/Conference space: 12,000 sq. ft.
 - HR Training/multi-use: 6,000 sq. ft.
- Parking structure: 3,025 spaces
- Office space is over 92 percent of total



PROPOSED BASE CASE

FTE	2,443‡
Average sq. ft./person	225
Office Owned (sq. ft.)	696,699
Office Leased (sq. ft.)	152,974
EOC (sq ft.)	12,000
Morgue sq. ft.)	26,450***
Public Health Lab (sq. ft.)	--

MODIFIED BASE CASE WITH 50% REMOTE WORK

FTE	1,222‡‡
Average sq. ft./person	170
Office Owned (sq. ft.)	346,260**
Office Leased (sq. ft.)	152,974
EOC (sq ft.)	12,000
Morgue sq. ft.)	26,450***
Public Health Lab (sq. ft.)	--

*Assumes each remote worker has office hoteling space at 50 sq. ft. per person

** Base Case and PH Lab combined total sq. ft.

‡ Proposed base case assumes 1,399 FTE remain in leased property and Sheriff's Office

‡‡ Modified based case assumes 1,399 FTE remain in lease property and Sheriff's Office, and 1,222 telework

REVISED SPACE REQUIREMENTS

SOURCES

FTE: Program Validation (attached)

Office Owned: ACTTC cost plan

Office Leased: Rent Database

COUNTY ADMINISTRATION CENTER

- 82 Acres total
- 24 Acres for New offices
- 22 Acres Mixed Use Development
- Detention and Justice Facilities to remain
- Consideration for future needs



La Plaza "A" & "B"
Lot Area: 164,656 sf
Total Development: 440,867 sf

The map shows a 3D architectural rendering of a site. A large area is outlined with a dashed black line and labeled 'Area for Development'. Within this area, three specific zones are highlighted with black boxes and white text: 'La Plaza "A" & "B"', 'Information Systems & Health Services', and 'Existing Government Campus'. The 'Existing Government Campus' is a large, dark grey area with several buildings. To its north, there are two smaller areas labeled 'New State Courthouse' and 'New State Courthouse Parking Lot'. The map also shows surrounding streets: 'Bicentennial Way' at the top, 'Highway 101' on the left, and 'Mendocino Ave' on the right. The overall site is surrounded by other buildings and green spaces.

Information Systems & Health Services
Lot Area: 13,136 sf
Total Development: 192,100 sf

Existing Government Campus
Lot Area: 57,063 sf
Total Development: 3,318,516 sf*
*Could accommodate all County Departments and additional uses.

Area for Development

**SITE
ANALYSIS**

COUNTY ADMINISTRATION CENTER

-  Parking
-  Development Opportunities
-  Transit Hub
-  County Offices
-  Board Chambers

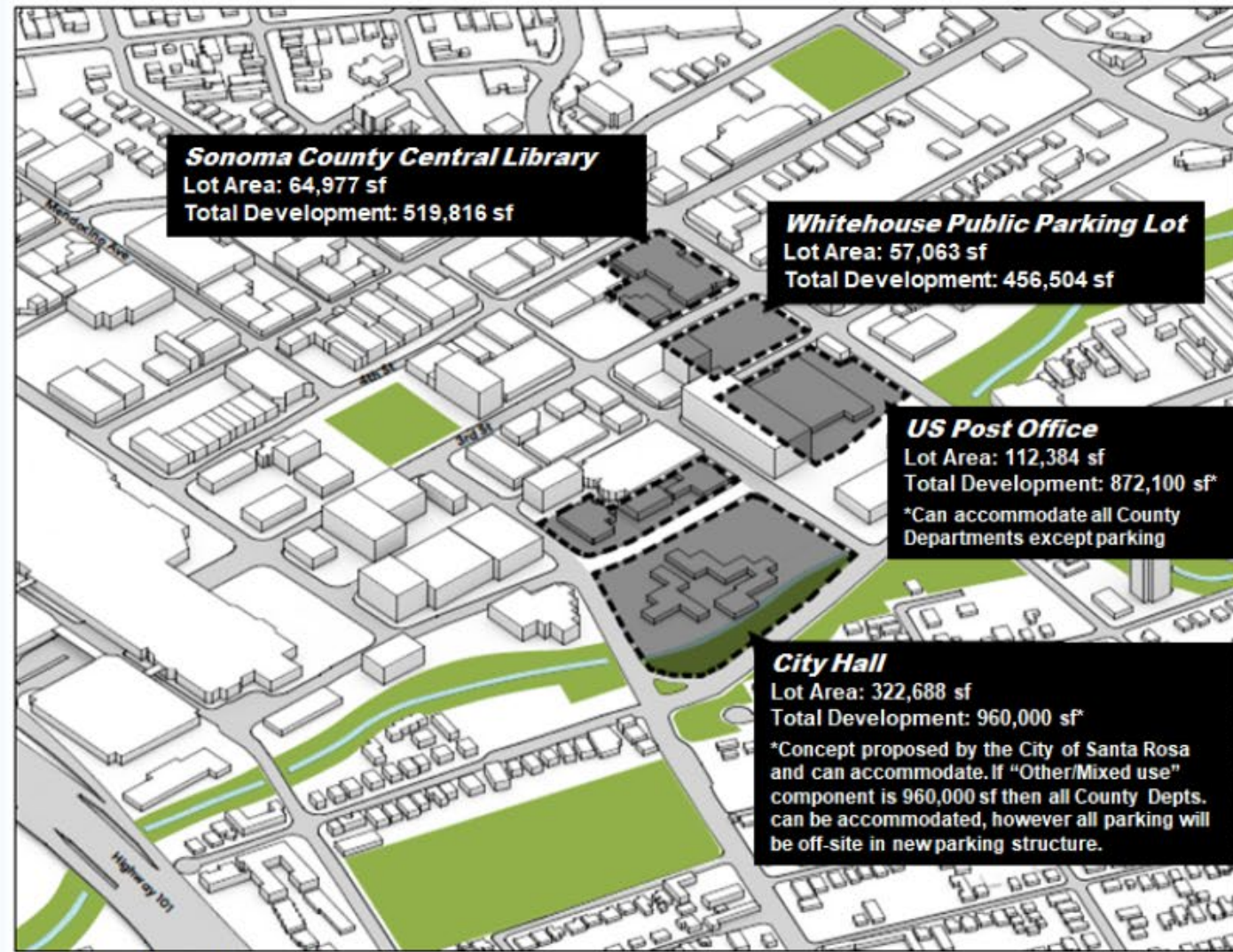


Proposed Site 1:300

**SITE
ANALYSIS**

DOWNTOWN SITES

City Hall	7.4 Acres
Post Office	2.6 Acres
Central Library	1.5 Acres
Whitehouse Lot	1.3 Acres

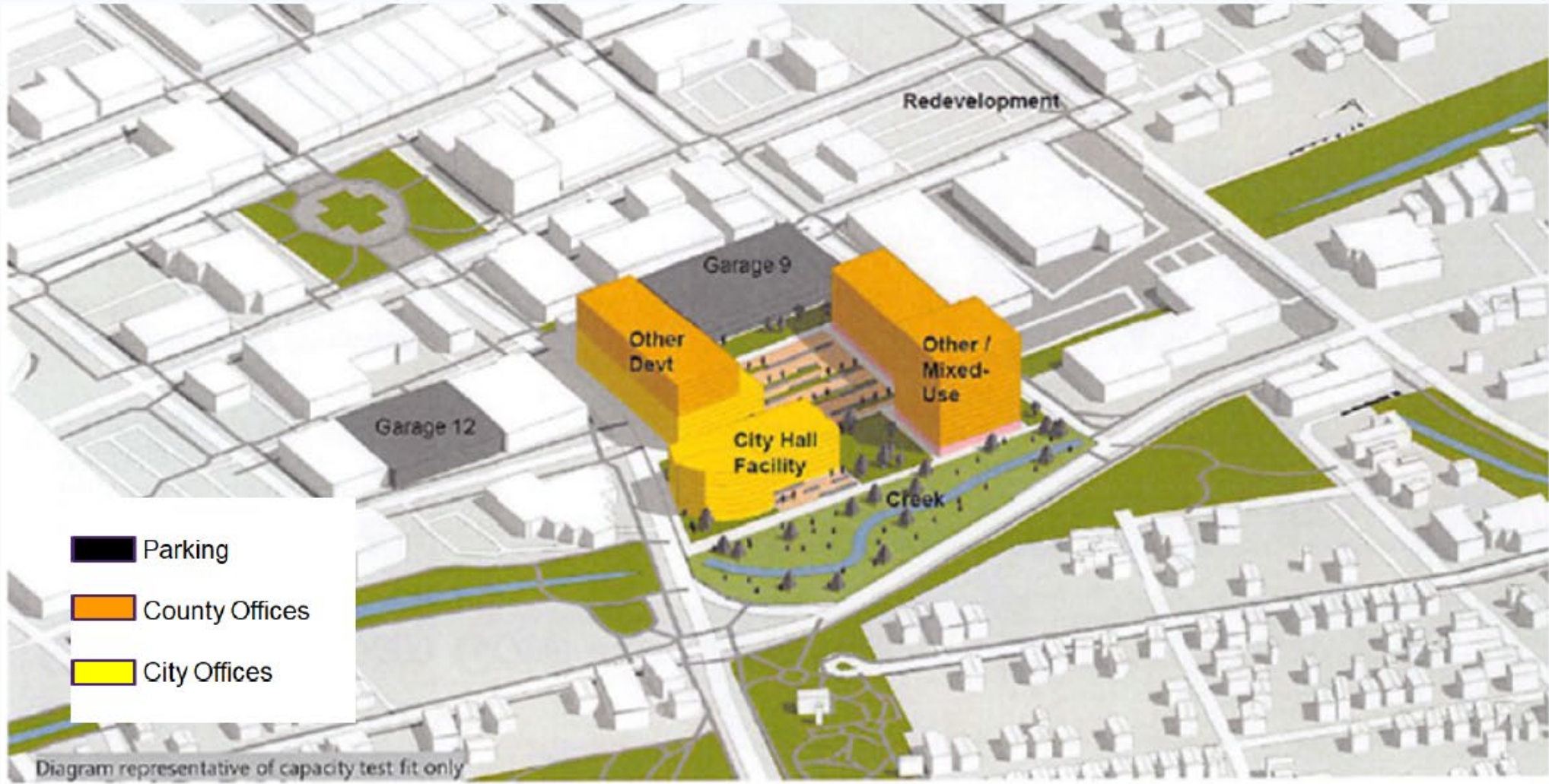


Area for Development

SITE ANALYSIS - DOWNTOWN

SITE ANALYSIS

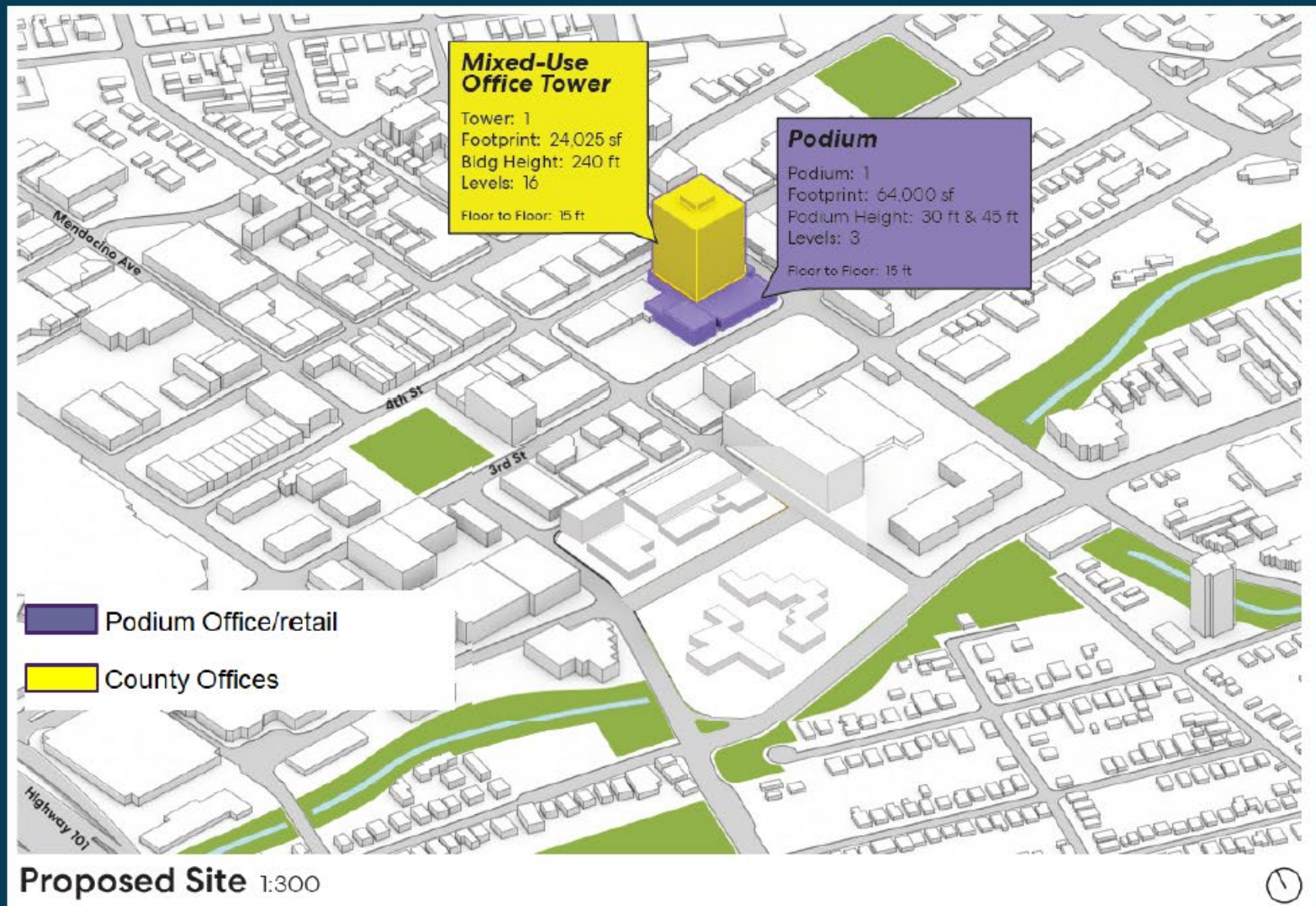
- 7.4 Acres
- Requires multi-level / multiple tower buildings
- All non-ADA parking off-site



Courtesy of City of Santa Rosa

CITY HALL GATEWAY CONCEPT

- 240 ft. tower, 16 stories/levels
- Only 58% of required space
- All non-ADA parking off-site
- Relocate library

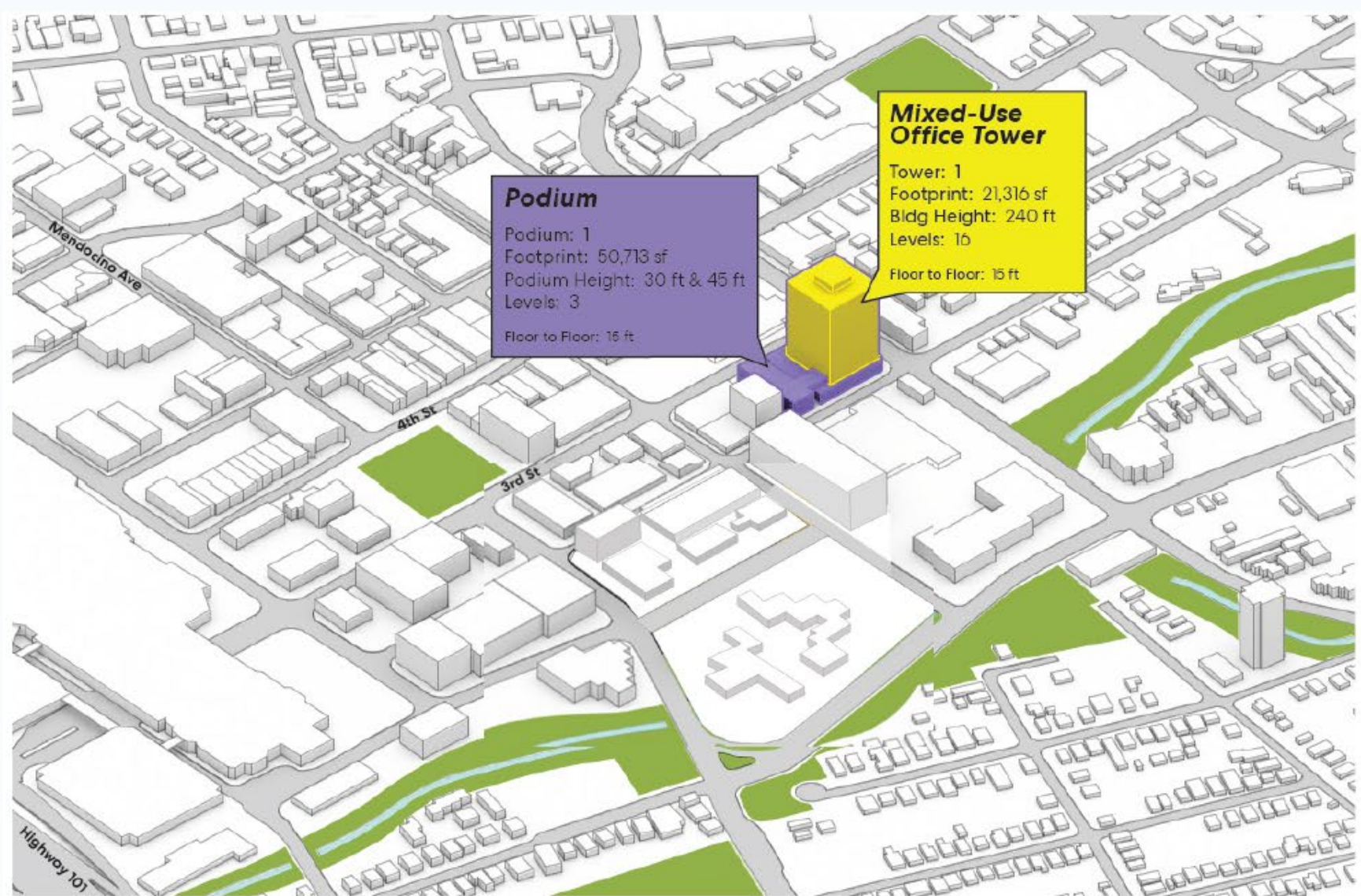
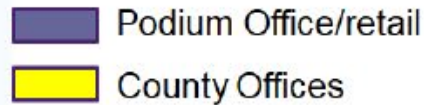


DOWNTOWN LIBRARY

SITE ANALYSIS

SITE ANALYSIS

- 240 ft. tower, 16 stories/levels
- Only 51% of required space
- All non-ADA parking off-site



Proposed Site 1:300



DOWNTOWN WHITEHOUSE LOT

PRIORITIES

- Achieve best value-for-money over the long term
- Predictability of costs and guaranteed performance
- Optimal risk transfer
- Avoid cost overruns and delays
- Retain asset ownership



FINANCIAL ANALYSIS

DELIVERY OPTIONS

DESIGN-BUILD- FINANCE- OPERATE- MAINTAIN (DBFOM)

- Developer finances, assumes more risk
- Specified O&M components during 30-40 year term
- Specified "availability payments" made after occupancy
- Payments based on performance
- County owns facilities

DESIGN-BUILD DEBT FINANCE

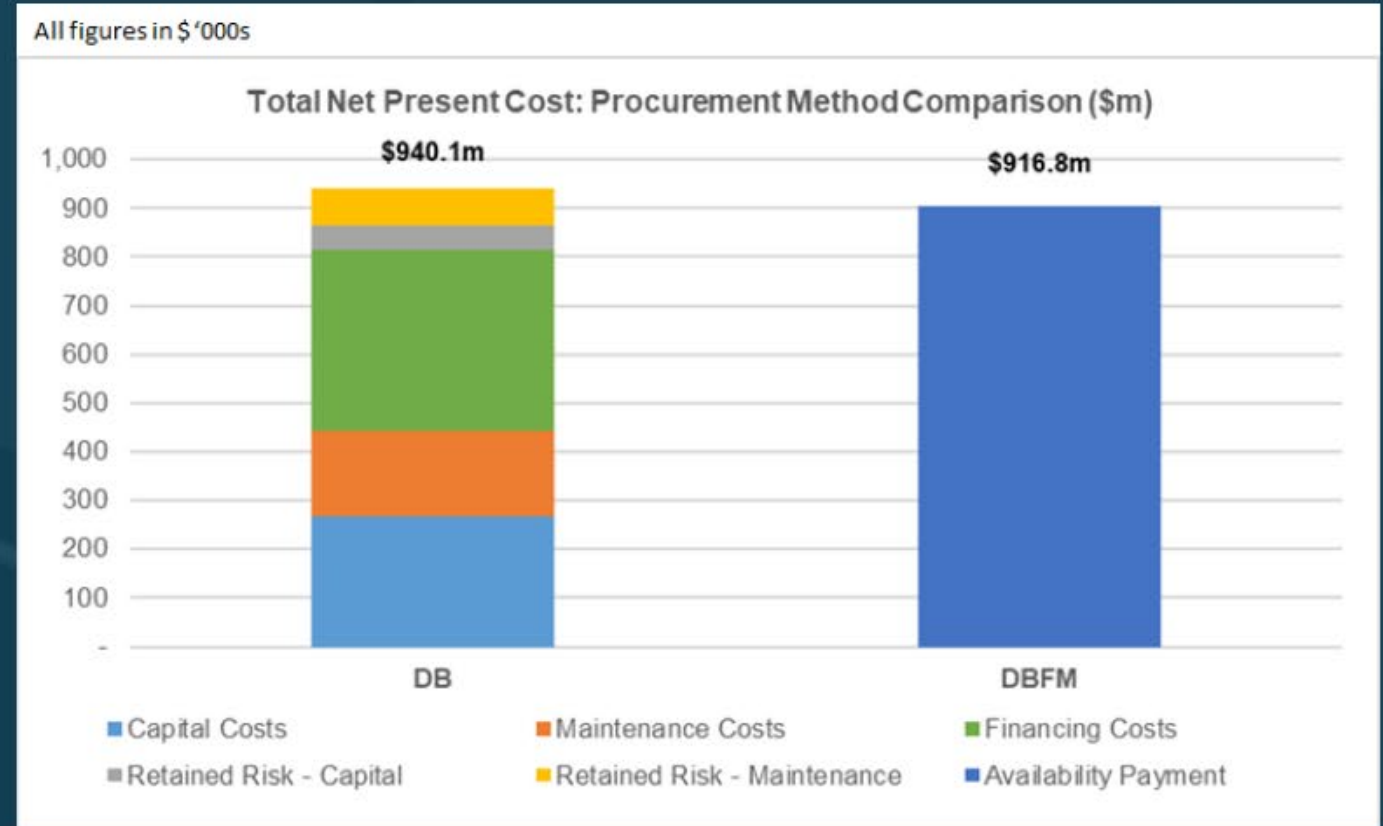
- County secures financing
- Design-Build (DB) team contracted
- DB team builds, constructs
- Progress payments made at specified milestones
- DB team paid in full at project completion
- O&M is County responsibility
- County owns facilities

BUILD-TO-SUIT LEASE

- County specifies requirements
- Lessor design and constructs
- Lessor manages construction risk
- Lessor/County agree rate and long-term lease, with specific terms, options
- County does not own facilities
- Lease buy-back may be possible at term end

Value For Money (VFM) Comparison

- VFM analysis resulted in 3% difference
- DBFOM is \$25 million less than Bond Financed
- DBFOM cost and performance are **predictable** and **guaranteed** (over 30 years)



Data source: PFAL Financial Analysis (attached)

PROGRAM ASSUMPTIONS COMPARED - BASE CASE VS. POST-COVID (DESIGN & BUILD ONLY)

Does not include financing, O&M and staff management

Pre-COVID Space (Base Case, 225 SF / FTE, 0% Telework)	Office Downtown	Office County Admin Center	Emergency Ops Center	Morgue & Public Health Lab	Board Chambers	Parking Structure (3,025 spaces)
Size (sq. ft.)	696,699	696,699	12,000	26,450	21,000	1,170,518
Unit Cost (\$/sq. ft.)**	641***	557****	850	710	630	134
Construction (\$)	446,518,201	388,276,697	10,200,000	18,779,500	13,230,000	156,931,712
Contingency (20%)	89,303,640	77,655,339	2,040,000	3,755,900	2,646,000	31,386,342
Cost (\$)	535,821,841	465,932,036	12,240,000	22,535,400	15,876,000	188,318,055

**Cost of Construction escalated to mid-point of construction

***Assumes additional costs required for high-rise construction due to limited site availability. Does not include contingency

****Assumes swing space required during construction. Does not include contingency.

Does not include financing, O&M and staff management

Post-COVID Space (Modified Base Case, 170 SF / FTE + 50% Telework at 50 SF / FTE)	Office Downtown	Office County Admin Center	Emergency Ops Center	Morgue & Public Health Lab	Board Chambers	Parking Structure (2,505 spaces)
Size (sq. ft.)	346,260	346,260	12,000	26,450	21,000	628,039
Unit Cost (\$/sq. ft.)**	585***	557****	850	710	630	134
Construction (\$)	202,622,769	192,974,066	10,200,000	18,779,500	13,230,000	84,201,431
Contingency (20%)	40,524,554	38,594,813	2,040,000	3,755,900	2,646,000	16,840,286
Cost (\$)	243,147,323	231,568,879	12,240,000	22,535,400	15,876,000	101,041,718

**Cost of Construction escalated to mid-point of construction

***Assumes additional costs required for high-rise construction due to limited site availability. Does not include contingency.

****Assumes swing space required during construction. Does not include contingency.

IMPACTS OF PARKING COSTS

Base case vs. Modified program

Annual Availability Payments

Office Space / Telework	No Parking Garage	400 Space Garage Traditional Ramp, Balance Surface	Full Parking Standard, Traditional Ramp	Full Parking Standard, Flexible Design for Future Office
225 SF/Person@ 0% Telework	\$55.07M	\$56.99 M	\$69.53 M	\$72.5 M
170 SF/Person@ 50% Telework	\$27.92 M	\$29.83 M	\$35.83 M	\$37.25 M

Net Present Costs

Office Space / Telework	No Parking Garage	400 Space Garage Traditional Ramp, Balance Surface	Full Parking Standard, Traditional Ramp	Full Parking Standard, Flexible Design for Future Office
225 SF/Person@ 0% Telework	\$730.44 M	\$750.89 M	\$884.22 M	\$916.83 M
170 SF/Person@ 50% Telework	\$422.26 M	\$442.83 M	\$508.59 M	\$521.99 M

Total DBFOM Office Space Cost

Impacts of Space Standards & Telework



Net Square feet per FTE	Telework %	Net Present Cost (\$ million)	First Year Availability Payment w/ Offset of \$8.566 mm avoided rent (\$ millions)
225	0	916.83	72.50
	33	711.14	54.22
	50	608.37	45.08
170	0	737.70	56.36
	33	593.95	43.63
	50	521.99	37.25

Data source: PFAL Financial Analysis (attached)

PFM REFERENCE SLIDES
(SLIDES 38-59)

P3 Structure as Currently Conceived

DBFOM Model, Utilizing an 'Availability Payment' Structure

- Land owned by City, Improvements held by SPV non-profit
- Project constructed under DDA/Ground Lease agreement
- Improvements leased by City from SPV non-profit; payment amount includes Operations & Maintenance + Capital Renewal
 - Current modeling: \$10-12 PSF for janitorial, regular repair, utilities
 - Current modeling: \$12,000 per \$1M project cost to fund capital renewal account
 - Escalating Payments usually pegged to CPI or construction index
 - Rigorous deduction regime reduces City's payment amount due based on O&M performance; other penalties and controls
- Asset reverts to City free-and-clear at end of lease term (usually approx. 30-35 years)

Operating Cost Comparison

<u>Current Modeling</u>	<u>P3</u>	<u>Current Est</u>
Janitorial, Regular Repair, Utilities:	\$2.5 M	\$2.1 M (sq ft basis)
<u>Long Term Capital Renewal</u>	\$3.5 M	<i>Significant Need</i>
<i>TOTAL ANNUAL SPEND</i>	<i>\$5 M (est)</i>	<i>Varies (>\$4M)</i>



Financing Alternatives Overview

- The City has access to a number of tax-exempt public financing methods that typically offer lower borrowing costs than private capital, including:
 - General Obligation Bonds (“GOB”)
 - Lease Revenue Bonds (“LRB”) or Certificates of Participation (“COP”)
 - Revenue Bonds
 - Community Facilities District (“CFD”) Special Tax Bonds
 - Assessment District Bonds
 - Enhanced Infrastructure Financing District
- The City has utilized several of these forms of financing previously
- The calculations for these alternatives are for conceptual discussion and comparison purposes only

GOB Financing Options for \$290 million Project

- **\$290 million** GOB financing supported by increase in ad valorem tax (and **\$20 million** estimated contributed from property sales)
 - Lowest cost of debt, estimated annual debt service: **\$15.3 million**; maximum levy rate: **\$59 per \$100,000** Assessed Valuation (+ FY18 rate of \$1,695 = total of \$1,754 per \$100,000)
 - Increased tax burden distributed on the basis of assessed property values, levy rate should decrease over time as Assessed Value grows
 - Requires 2/3rds voter approval, can only occur during a General Election
 - Does not negatively affect general fund debt capacity
- If GOBs are issued only for public safety portion, **\$80 million** proceeds required
 - Estimated annual debt service: **\$4.5 million**; maximum levy rate: **\$17 per \$100,000** Assessed Valuation (+ FY18 rate of \$1,695 = total of \$1,712 per \$100,000)
 - Would be combined with **\$210 million** non-GOB financing for non-public safety portion

LRB / CFD Financing Options for \$210 million non-Public Safety Portion

- **\$210 million** LRB portion supported by increase in Occupancy Tax, Sales Tax, and/or Utility Users Tax (and **\$20 million** estimated contributed from property sales)
 - Estimated annual debt service: **\$12.5 million** (after 2 years of capitalized interest during construction), 1.35x revenue coverage assumed
 - 50% vote is required if undertaken as a general tax; 2/3rds vote if undertaken as a specific purpose tax
 - Occupancy Tax required: **21.9%** (+ current 9.0% rate = 30.9% total)
 - Or Sales Tax required: **0.48%** (+ current 9.0% rate = 9.48% total)
 - Or Utility Users Tax required: **7.4%** (+ current 5.0% rate = 12.4% total)
- Or **\$210 million** CFD project supported by citywide Special Tax (and **\$20 million** estimated contributed from property sales)
 - Estimated annual debt service: **\$11.6 million**; Special Tax required: **\$382 per parcel** on average
 - 2/3 approval of registered voters in the CFD is required

Lease Revenue Bonds Supported by Occupancy Tax Revenues

- Occupancy Taxes are taxes imposed on each night's stay at a hotel
- Requires a 50% vote for a general tax (can only be considered during Council elections), or 2/3 for a specific purpose tax
- The debt service on a borrowing for a **\$210 million** project could be supported by an occupancy tax of **21.9%, which alone is not realistic.**
 - For example, adding this to current rate of **9.0%** results in total of **30.9%**
- Proceeds would be generated through the issuance of Lease Revenue Bonds
- The asset created would provide security for the bonds
- The increase in general fund revenues would increase general fund debt capacity

City	Occupancy Tax Rate	Additional Business Improvement Area Tax*
Cloverdale	10.0%	2.0%
Cotati	10.0%	0.0%
Healdsburg	14.0%	2.0%
Petaluma	10.0%	2.0%
Rohnert Park	12.0%	2.0%
Santa Rosa	9.0%	5.0%
Sebastopol	10.0%	2.0%
Sonoma	13.0%	0.0%
Windsor	12.0%	2.0%
Napa	12.0%	2.0%
San Francisco	14.0%	2.25%

Lease Revenue Bonds Supported by Sales Tax Revenues

- Requires a 50% vote for a general tax (can only be considered during Council elections), or 2/3 for a specific purpose tax
- The debt service on a borrowing for a **\$210 million** project could be supported by a sales tax of **0.48%**
 - Adding this to current rate of **9.0%** results in total of **9.48%**
 - Increasing sales tax rate may have diminishing returns due to elasticity of demand, as consumers reduce consumption or shop elsewhere in response to the increase
- Most incorporated cities in Sonoma County have a sales tax rate lower than Santa Rosa's
 - Highest is Cotati at 9.25%
 - Capped at a maximum of 10.25%
- SMART intends to put extension of their existing ¼ cent Countywide sales tax on March 2020 ballot
- Sonoma County intends to put ½ cent Wildfire Prevention, Emergency Alert and Response sales tax measure on March 2020 ballot as well

City	2019 Tax Rate
Cloverdale	8.25%
Cotati	9.25%
Healdsburg	8.75%
Petaluma	8.25%
Rohnert Park	8.75%
Santa Rosa	9.00%
Sebastopol	9.00%
Sonoma	8.75%
Windsor	8.25%

Lease Revenue Bonds Supported by Utility Users Tax Revenues

- Utility Users Taxes (“UUT”) are taxes imposed on the consumption of certain utility services
 - Santa Rosa charges UUT on the usage of: cable television, electricity, gas, intrastate non-cellular, telecommunications, local non-cellular telecommunications
- Requires a 50% vote for a general tax (can only be considered during Council elections), or 2/3 for a specific purpose tax
- The debt service on a borrowing for a **\$210 million** project could be supported by a UUT increase of **7.4%**
 - Adding this to current rate of **5.0%** results in total of **12.4%**
- Santa Rosa charges the highest UUT of any incorporated city in Sonoma County, most have no UUT

City	2017 Tax Rate
Cloverdale	3.0%
Cotati	-
Healdsburg	-
Petaluma	-
Rohnert Park	-
Santa Rosa	5.0%
Sebastopol	3.75%
Sonoma	-
Windsor	-

Community Facilities District Bonds

- Pursuant to 1982 Mello-Roos CFD Act, CFDs can be formed and bond issues authorized by a 2/3 vote of registered voters / property owners in the CFD
- Bonds are sold to finance various infrastructure, CFDs may provide various public services
- The debt service on a borrowing for a **\$210 million** project could be supported by a special tax of **\$382 per parcel**
 - Assumes minimum 1.1x coverage, improves over time as special taxes increase 2% annually
- Debt service and/or public services and administrative costs are paid for by special taxes on property within the CFD
- Secured by the value of the taxed property, which can be foreclosed if special taxes are unpaid

Summary of Financing Alternatives for \$290 million Project

- Public safety portion (police, fire station no. 1) totals **\$80 million**, including 10% contingency; remainder of project is **\$210 million**, of which **\$20 million** is funded by property sales

	GOB Only	Public Safety GOB	Combined with non-Public Safety...	
			...LRB	...or CFD
Project Fund	\$290 million	\$80 million	\$210 million	\$210 million
Estimated Annual Debt Service	\$15.3 million	\$4.5 million	\$12.5 million	\$11.6 million
Minimum Coverage Required	1.0x	1.0x	1.35x	1.1x
Capitalized Interest Required	No	No	Yes	No
Estimated True Interest Cost (includes +1.00% cushion)	3.90%	3.90%	3.96%	4.39%
Tax Levy Rate (per \$100k AV)	\$59	\$17	-	-
<i>per \$325k avg. residential AV</i>	<i>\$192</i>	<i>\$56</i>		
Special Tax Required	-	-	-	\$382
Occupancy Tax Required	-	-	21.9%	-
OR Sales Tax Required	-	-	0.48%	-
OR Utility Users Tax Required	-	-	7.4%	-

GOB Financing for \$290 million Project

- **\$290 million** GOB financing supported by increase in ad valorem tax (and **\$20 million** estimated contributed from property sales)
 - Estimated annual debt service: **\$15.3 million**; maximum levy rate: **\$59 per \$100,000** Assessed Valuation (+ FY18 rate of \$1,695 = total of \$1,754 per \$100,000)

	GOB Financing
Estimated Annual Debt Service	\$15.3 million
Estimated True Interest Cost	3.90%
Tax Levy Rate (per \$100k AV)	\$59

Assessed Value	Annual Homeowner Tax Payment
\$250,000	\$147
\$325,000	\$192
\$500,000	\$295
\$750,000	\$442

GOB for \$80 million Public Safety Portion and LRB Supported by Sales Tax for Non-Public Safety Portion

- **\$80 million** GOB financing for public safety portion, supported by increase in ad valorem tax
 - Estimated annual debt service: **\$4.5 million**; maximum levy rate: **\$17 per \$100,000** Assessed Valuation (+ FY18 rate of \$1,695 = total of \$1,712 per \$100,000)
- Combined with **\$210 million** LRB financing for non-public safety portion, backed by sales tax increase (and **\$20 million** estimated contributed from property sales)
 - Estimated annual debt service: **\$12.5 million** (after 2 years of capitalized interest during construction)
 - Sales Tax required: **0.48%** (+ current 9.0% rate = 9.48% total)

	Public Safety GOBs	Non-Public Safety LRBs	Assessed Value	Annual Homeowner Tax Payment
Estimated Annual Debt Service	\$4.5 million	\$12.5 million	\$250,000	\$43
Estimated True Interest Cost	3.90%	3.96%	\$325,000	\$56
Tax Levy Rate (per \$100k AV)	\$17	-	\$500,000	\$86
Sales Tax Required	-	0.48%	\$750,000	\$129

GOB for \$80 million Public Safety Portion and LRB Supported by Combined Taxes for Non-Public Safety Portion

- Because LRBs are paid from any revenues in the City's general fund, City could combine multiple taxes to cover the debt service on the borrowing for the **\$210 million** non-public safety portion
- City could set targets for the maximum it would be willing to raise a certain tax, using other taxes to fill in the gap, for example sales tax targeted at a maximum increase of **0.25%**
 - Requires additional revenues, such as a UUT increase of **3.6%**, to provide the remaining revenue needed for debt service payment
 - Goal would be to coordinate when these tax increases occur so they can be combined and used to pay debt service simultaneously

	Public Safety GOBs	Non-Public Safety LRBs	Assessed Value	Annual Homeowner Tax Payment
Estimated Annual Debt Service	\$4.5 million	\$12.5 million	\$250,000	\$43
Estimated True Interest Cost	3.90%	3.96%	\$325,000	\$56
Tax Levy Rate (per \$100k AV)	\$17	-	\$500,000	\$86
Sales Tax Required	-	0.25%	\$750,000	\$128
AND Utility Users Tax Required	-	3.6%		

CFD Financing for \$290 million Project

- Project could be supported entirely by CFD Special Tax Bonds
- **\$290 million** CFD financing supported by a special tax (and **\$20 million** estimated contributed from property sales)
 - Estimated annual debt service: **\$16.3 million**; average special tax: **\$539 per parcel**

	CFD Financing
Estimated Annual Debt Service	\$16.3 million
Estimated True Interest Cost	4.93%
Special Tax Per Parcel	\$539

Public Safety Properties

Program Item	Action	New Constr. Cost	Land Purchase Cost	Land Disposal Value	Estimated Effective Expenditure
Fire Station No. 1 (incl. in P3)	Relocation	\$12,500,000	\$3,500,000	\$1,160,000	\$14,800,000
Fire Station No. 2	FCA Renovation	\$12,500,000	N/A	N/A	\$2,500,000
Fire Station No. 3	FCA Renovation	\$12,500,000	N/A	N/A	\$2,500,000
Fire Station No. 4	FCA Renovation	\$12,500,000	N/A	N/A	\$2,500,000
Fire Station No. 5	Relocation	\$17,000,000	\$0	\$350,000	\$16,700,000
Fire Station No. 6	Relocation	\$12,500,000	\$980,000	\$215,000	\$13,300,000
Fire Station No. 7	FCA Renovation	\$12,500,000	N/A	N/A	\$2,500,000
Fire Station No. 8	Relocation	\$12,500,000	\$650,000	\$250,000	\$12,900,000
Fire Station No. 9	New Construction	\$12,500,000	\$1,650,000	N/A	\$14,200,000
Fire Station No. 10	Not Included	\$12,500,000	N/A	N/A	\$0
Fire Station No. 11	Relocation	\$12,500,000	\$1,960,000	N/A	\$14,500,000
Fire Station No. 12	New Construction	\$12,500,000	\$1,300,000	N/A	\$13,800,000
Franz Kafka Site	Sale	N/A	N/A		(\$300,000)
Police Training Center (overlap w/ Fire)	New Construction	\$48,500,000	N/A	N/A	\$48,500,000
Police Facility Building (w/o Fire) (P3)	New Construction	\$58,000,000	N/A	N/A	\$58,000,000
Regional Police Backup Emergency Dispatch	New Construction	\$2,400,000	N/A	N/A	\$2,400,000
					\$23,100,000
					\$1,000,000
TOTAL ESTIMATED COST - BUILD OR RENOVATE					\$250,000,000

Summary of Facilities

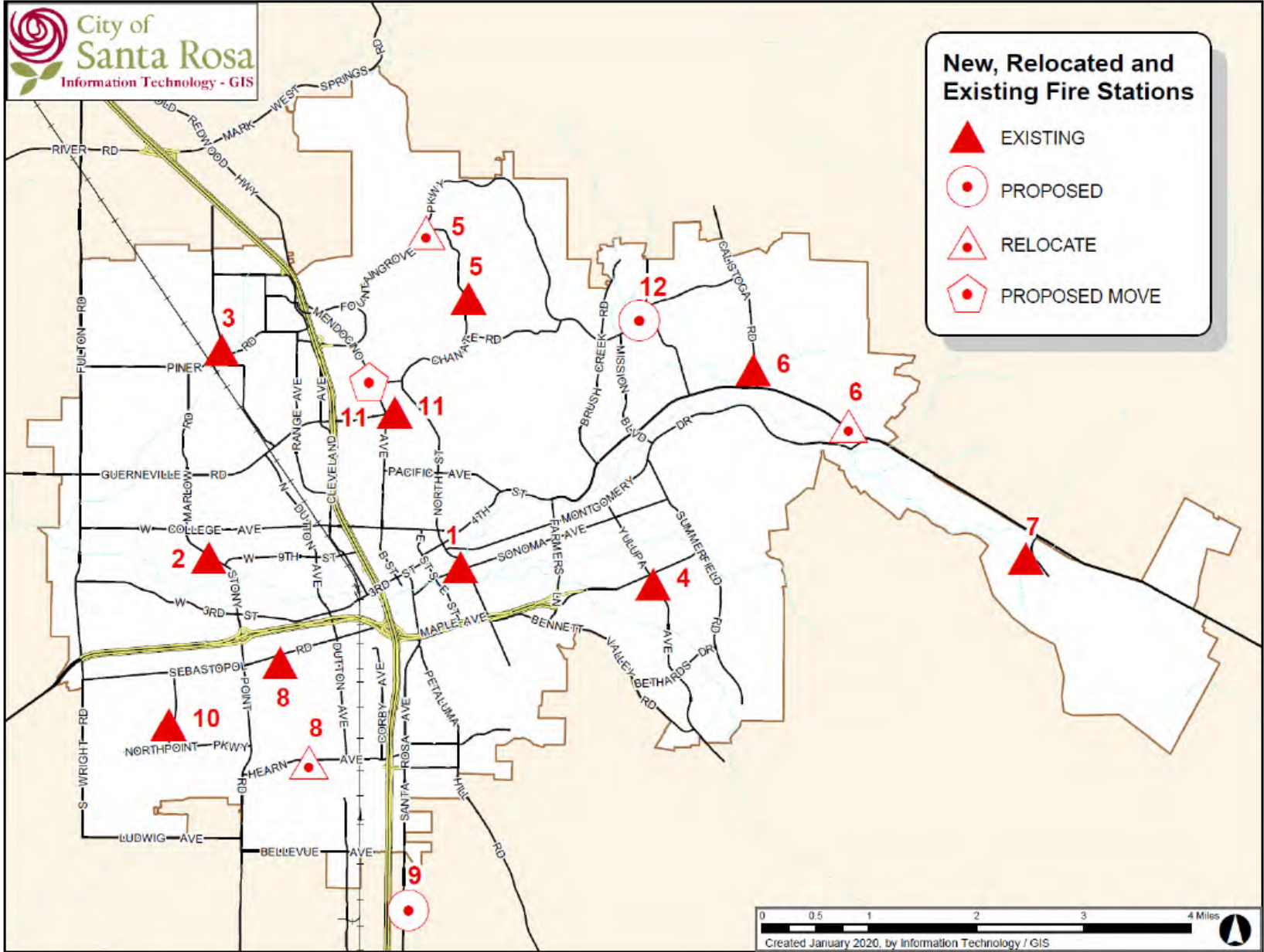
City Hall Portion Contemplated in P3	\$210 M		
City Hall alone	\$125 M		
Partnership Spaces (Enterprise, Library, etc.)*	\$75 M		
Creek	\$10 M		
BREAKDOWN - PUBLIC SAFETY NEEDS	\$250 M		
Currently Contemplated in the P3	\$80 M	\$65 M	\$15 M
Not Currently Contemplated in the P3	\$170 M	\$60 M	\$110 M
Total Project Amount: P3 as Contemplated	\$290 M		
Additional Public Safety Needs	\$170 M		
Total Combined Amount	\$460 M		

Police Substation Leased Space:

- Roseland and East Side
- Est. 1,200 SF each
- Lease rates: \$15-21/SF NNN
- **Total: \$45,000 annual rent**
- Potential additional substation downtown (if PSB on West)
- Est. \$30,000 additional annual rent

Sonoma County Measure G includes approximately \$20 M in capital value that could be dedicated to construction of new fire stations.

Public Safety Properties - Fire



GOB Financing for Additional \$170 million Public Safety

- **\$170 million** GOB financing supported by increase in ad valorem tax
 - Estimated annual debt service: **\$9.7 million**; maximum levy rate: **\$37 per \$100,000** Assessed Valuation (+ FY18 rate of \$1,695 = total of \$1,732 per \$100,000)

	GOB Financing
Estimated Annual Debt Service	\$9.7 million
Estimated True Interest Cost	3.90%
Tax Levy Rate (per \$100k AV)	\$37

Assessed Value	Annual Homeowner Tax Payment
\$250,000	\$94
\$325,000	\$122
\$500,000	\$187
\$750,000	\$281

Financing Alternatives for Additional \$170 million Public Safety

- Additional public safety costs of **\$170 million** could be financed as follows, assuming no cash contributed from property sales or any other source:

	GOB	LRB	CFD
Project Fund	\$170 million	\$170 million	\$170 million
Estimated Annual Debt Service	\$9.7 million	\$11.1 million	\$10.3 million
Minimum Coverage Required	1.0x	1.35x	1.1x
Capitalized Interest Required	No	Yes	No
Estimated True Interest Cost (includes +1.00% cushion)	3.90%	3.96%	4.39%
Tax Levy Rate (per \$100k AV)	\$37	-	-
<i>per \$325k avg. residential AV</i>	\$122		
Special Tax Required	-	-	\$342
Occupancy Tax Required	-	19.6%	-
OR Sales Tax Required	-	0.43%	-
OR Utility Users Tax Required	-	6.6%	-

CFD Financing for Additional \$170 million Public Safety

- **\$170 million** CFD financing supported by a special tax
 - Estimated annual debt service: **\$10.3 million**; average special tax: **\$342 per parcel**

	CFD Financing
Estimated Annual Debt Service	\$10.3 million
Estimated True Interest Cost	4.93%
Special Tax Per Parcel	\$342

GOB Financing for Full \$460 million

- **\$460 million** GOB financing supported by increase in ad valorem tax (and **\$20 million** estimated contributed from property sales)
 - Estimated annual debt service: **\$25.2 million**; maximum levy rate: **\$97 per \$100,000** Assessed Valuation (+ FY18 rate of \$1,695 = total of \$1,792 per \$100,000)

	GOB Financing
Estimated Annual Debt Service	\$25.2 million
Estimated True Interest Cost	3.90%
Tax Levy Rate (per \$100k AV)	\$97

Assessed Value	Annual Homeowner Tax Payment
\$250,000	\$242
\$325,000	\$314
\$500,000	\$483
\$750,000	\$725

CFD Financing for Full \$460 million

- **\$460 million** CFD financing supported by a special tax (and **\$20 million** estimated contributed from property sales)
 - Estimated annual debt service: **\$26.7 million**; average special tax: **\$884 per parcel**

	CFD Financing
Estimated Annual Debt Service	\$26.7 million
Estimated True Interest Cost	4.93%
Special Tax Per Parcel	\$884