

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL

FROM: JOEY HEJNOWICZ, CITY MANAGER FELLOW  
CITY MANAGER'S OFFICE

SUBJECT: COLLABORATIVE MEMORANDUM OF UNDERSTANDING  
(MOU) BETWEEN THE CITY OF SANTA ROSA AND THE SANTA  
ROSA CITY SCHOOL DISTRICT, TO ACHIEVE LOW AND/OR  
MODERATE INCOME HOUSING FOR SCHOOL DISTRICT  
EMPLOYEES ON FIR RIDGE DRIVE, LOT "F" (APN 173-620-030)

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the City Manager's Office that the Council, by resolution, approve the Memorandum of Understanding (MOU) between the City of Santa Rosa (City) and the Santa Rosa City School District (School District), extending the Twelfth Amendment milestones to the Holding Agreement for an additional three years and to memorialize the partnership between the City and School District in order to achieve low and/or moderate income housing for School District employees on Fir Ridge Drive, Lot "F" (APN 173-620-030).

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EXECUTIVE SUMMARY

On June 30, 2015, Council approved the Santa Rosa City School District (School District) and City of Santa Rosa (City) to enter into a Twelfth Amendment to the Holding Agreement pursuant to construction of a low and/or moderate housing development on Fir Ridge Drive. It is not likely that the School District will have a fully executed contract in place with a developer prior to June 30, 2016, as required under the Twelfth Amendment milestones to the Holding Agreement.

Since the approval of the Twelfth Amendment on June 30, 2015, the School District has made significant good faith efforts to make the low and/or moderate income housing project on Fir Ridge Drive a reality; including obtaining a Cultural Resources Study for use on the project and retaining an Engineer and Engineer's preliminary estimate of costs for the project.

Due to the significant good faith efforts by the School District, the City aims to extend all of the milestones set forth in the Twelfth Amendment for an additional three years to allow the District ample time to complete their efforts on this Project. Moreover, subsequent to the agreed upon three year extension, the City Manager shall have the authority and discretion to act on behalf of the City Council to execute a further agreement to extend these milestones further if the project is progressing substantially.

This item relates to Council Goal 5: "Improve partnerships between neighborhoods, community organizations, schools and the City to support and promote thriving, inclusive and diverse neighborhoods." The City and School District wish to work collaboratively together to facilitate the construction of affordable housing for School District employees of low and/or moderate income on Fir Ridge Drive. It is the City's intent to support the School District in achieving the mutual goal of construction and completion of workforce affordable housing on Fir Ridge Drive as set forth in the Memorandum of Understanding.

### BACKGROUND

1. When the Fir Ridge North at Fountaingrove Subdivision was approved in 1987, a condition of its development was the dedication of a +/- 7 acre site for development of either an elementary school, or low and/or moderate income housing, pursuant to the Fountaingrove Ranch Planned Community District Policy Statement adopted by the Council in 1981 (Fountaingrove PC Policy).
2. A 6.03 acre site on Fir Ridge Drive was set aside for the purpose and identified as Parcel "F" on the subdivision Final Map recorded in June 1988 (Site). The Site is adjacent to Parcel "E" on the Final Map, a neighborhood park site now developed as Fir Ridge Park.
3. In April 1988, the City and Braewood Development Corporation (Braewood) entered into an Agreement that, in lieu of Braewood receiving a fair market value payment for dedication, the Site was exempted from reassessment of the 1983 improvement bonds. The Agreement provided for a Holding Agreement to be recorded in conjunction with the Final Map, which would allow time for the Santa Rosa City School District (School District) to determine whether it wished to acquire the Site for development of an elementary school and to negotiate purchase of the Site from Braewood.
4. The Holding Agreement was subsequently executed by the City and Braewood in May, recorded in August 2, 1988, and included the following terms:
  - Transfer of the Site from Braewood to the City upon recordation of the Final Map.
  - A four-year negotiation period expiring August 1, 1992, for the School District to purchase the Site from Braewood for a maximum price of \$237,000.

- If the School District did not acquire the Site during the negotiation period, the City was to offer dedication of the Site to the School District, which would have until August 1, 1993, to accept the dedication offer, subject to Braewood's right to bring action to seek higher compensation.
- If the School District did acquire the Site during the negotiation period, it would then have until August 1, 1998, 10 years after the date of the Holding Agreement, to begin construction of a school, or determine that the Site is not needed for school purposes.
- If the School District did not acquire the Site and begin construction of a school by the 1998 deadline, the City would have the right to use the Site for low or moderate income housing, provided that the City or one of its agencies entered into a binding agreement within five years for construction of the affordable housing.
- Braewood had the right to ultimately recover title to the Site if the City's five-year time period expired without entering into an agreement for construction of affordable housing. Braewood would then have no further liability for dedication of the Site and would be permitted to use the Site for an alternative use compatible with the abutting residential uses as provided by the Fountaingrove PC Policy.

5. Following is a timeline of Holding Agreement Amendments approved by the Council, and other events, 1992 to present:

#### 1992-1993

- Amendment No. 1: two-month extension to September 30, 1992, of the negotiation period between Braewood and the School District.
- Amendment No. 2: one-month extension to August 31, 1993, for School District acceptance of a dedication offer by the City.

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The School District timely requested and accepted the City's dedication offer, and then had until August 1, 1998, to begin school construction.

#### 1995

The School District acquired Braewood's remaining rights and interest in the Site for a price of \$190,000. The title was transferred January 18, 1995, and the School District became successor-in-interest of Braewood and party to the Holding Agreement with the City.

1998

- Amendment No. 3: five-year extension to August 2, 2003, for construction of a school on the Site.

2003-2004

- Amendment No. 4: extension to September 2, 2003, for notification by the School District of intent to build either a school, or housing for School District employees of low or moderate income. A one-year extension to September 2, 2004, to either begin school construction or to obtain approvals necessary to begin and complete housing construction, with an additional eight months to May 2, 2005, to begin housing construction. Time extensions for completion of a new or updated environmental impact report if required to undertake construction of either a school or housing, and for the duration of any litigation filed concerning the type of development selected by the School District.

School District timely notified the City of its intention to build affordable housing for School District employees on the Site.

August 2004: Development applications submitted by School District to the Community Development Department (CD). Request to extend Holding Agreement timeline for land use approvals.

December 2004: Tentative Map, Conditional Use Permit and Hillside Development Permit approved by Planning Commission.

2005

- Amendment No. 5: extensions to June 30, 2005, to obtain land use approvals and to June 30, 2006 for commencement of affordable housing construction.

April 2005: Preliminary Design Review approval. Appeal to Council by Fountaingrove Ranch Master Association (FGRMA).

2006

June 2006: FGRMA appeal withdrawn.

- Amendment No. 6: extension to obtain land use approvals and begin construction by June 30, 2007, due to delay caused by FGRMA action.

December 2006: Final Design Review approval.

## 2007

- Amendment No. 7: extension to June 30, 2008, for land use approvals and begin construction.

July 2007: Tentative Map, Conditional Use Permit and Hillside Development Permit first extension to December 2007 approved by Planning Commission.

September 2007: Board of Education approved a proposal developed by the School District for implementation of an affordable housing project.

## 2008

March 2008: School District Request for Proposals (RFP) for the School District's "Fir Ridge Workforce Housing Project" program to provide 36 for-sale condominiums for School District employees of low or moderate income.

- Amendment No. 8: extension to June 30, 2009, for land use approvals and commencement of construction.

August 2008: Tentative Map, Conditional Use Permit, Hillside Development Permit second extension to December 2008 approved by Planning Commission.

October 2008: Board of Education approved selection of Pinnacle Homes as successful respondent to School District's RFP and authorized School District to negotiate a Memorandum of Understanding with Pinnacle.

December 2008: Automatic one-year extension to December 2009 for Tentative Map, Conditional Use Permit and Hillside Development Permit, per SB 1185.

## 2009

- Amendment No. 9: two-year extension to June 30, 2011, for land use approvals and commencement of construction per School District's request due to the downturn in the housing market.

January 2009: Final Design Review Approved first extension to December 2009 approved by Community Development Department (CD).

December 2009: Automatic two-year extension of Tentative Map, Conditional Use Permit and Hillside Development Permit to December 2011, per AB 333.

## 2011

- Amendment No. 10: two-year extension to June 30, 2013, for land use approvals and commencement of construction, per School District's request to draft a 10-

year development agreement between the City and the School District and present to Council for consideration.

Automatic extension of Tentative Map, Conditional Use Permit, Hillside Development Permit, and Final Design Review Approval to December 2013, per AB 208.

### 2013

- Amendment No. 11: two-year extension approved by the Council for land use approvals and commencement of construction, per School District's request for additional time to work on a development agreement with the City CD Department. June 30, 2015, is now the current deadline for the School District to begin construction of affordable housing on the Site.

December 2013: Automatic two-year extension of Tentative Map per AB 116, and Conditional Use Permit, Hillside Development Permit, and Final Design Review Approval per City's Aggressive Economic Development measures (Ordinance 3995), to December 9, 2015, which is now the current expiration date of all project approvals.

### 2015

- Amendment No. 12: two-year extension approved (contingent upon agreed upon milestones) by the Council for land use approvals and commencement of construction, per School District's request for additional time. June 30, 2017, is now the current deadline for the School District to begin construction of affordable housing on the site, contingent upon the achievement of certain milestones as incorporated into the Twelfth Amendment:
  - (i) Apply to the City's Department of Community Development for a 12-month extension of the Project Approvals no later than November 9, 2015
  - (ii) No later than June 30, 2016, enter into a fully executed contract with a developer, and have a funding plan in place, for the construction of the Project
  - (iii) Submit applications to the City's Community Development Department for further extension of the Project Approvals, if necessary, on or before November 9, 2016
  - (iv) No later than June 30, 2017, commence construction of the Project, which shall mean issuance of building permits for the Project and a construction timeline
  - (v) Diligently pursue and complete construction of the Project in a timely manner.

PRIOR CITY COUNCIL REVIEW

See Background for prior Council review

ANALYSIS

It is not likely that the School District will have both a fully executed contract in place with a developer and a funding plan in place prior to June 30, 2016, as required under the Twelfth Amendment. Due to the significant good faith efforts by the School District, the City agrees to provide staff support to assist the School District, along with a three-year extension of the 12<sup>th</sup> Amendment Holding Agreement milestones, but shall not have any obligation to contribute funds to said project unless otherwise agreed in writing by the City and School District.

Subsequent to the agreed upon three year extension, The City Manager shall have the authority and discretion to act on behalf of the Council to extend these milestones further if the project is progressing substantially. Should this situation arise, The City and School District agree to execute and record an agreement that effectuates this extension.

In the event that the School District fails to meet the agreed upon milestones per the three year extension of the Twelfth Amendment as stated, and if the City Manager determines the School District is not substantially progressing on the Project, the failure to meet the foregoing milestones shall constitute a failure of a condition subsequent and shall make the title to the School Site recoverable by the City through the exercise of a power of termination under the Holding Agreement.

Except as provided herein with respect to the extensions of deadlines, all other terms and conditions of the Holding Agreement as amended shall remain in full force and effect.

Ultimately, The City and School District wish to work in partnership toward the goal of providing for sale or rental affordable housing; or any combination thereof; for School District employees of low and/or moderate income on Fir Ridge Drive.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on the General Fund

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378(5).

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable

NOTIFICATION

Not applicable

ATTACHMENTS

- Attachment 1 – Memorandum of Understanding
- Attachment 2 - Twelfth Amendment to Holding Agreement
- Attachment 3 – Fir Ridge Drive Site Map
- Attachment 4 - Communication
- Resolution
- Exhibit A – Memorandum of Understanding
- Presentation

CONTACT

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