

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
FROM: MEGAN BASINGER, DIRECTOR  
HOUSING & COMMUNITY SERVICES  
SUBJECT: RATIFICATION OF MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE CITY OF SANTA ROSA AND SANTA ROSA CITY SCHOOLS, DATED OCTOBER 23, 2019, AUTHORIZING ALTERNATIVES TO CONSTRUCTION OF AFFORDABLE HOUSING OR SCHOOL FACILITIES ON FIR RIDGE DRIVE, LOT "F" (APN 173-620-030) AND EXTENDING PERFORMANCE DATE TO OCTOBER 23, 2022; AUTHORIZE EXECUTION AND RECORDATION OF A QUITCLAIM DEED SUBJECT TO SPECIFIED CONDITIONS; AND AUTHORIZE CITY MANAGER TO TAKE SUCH OTHER ACTIONS AS NEEDED TO RECORD AND ENFORCE THE TERMS OF THE MOU

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the City Attorney and the Housing & Community Services Department that the Council, by resolution: 1) ratify the Memorandum of Understanding (MOU) between the City of Santa Rosa and Santa Rosa City Schools, dated October 23, 2019, authorizing alternatives to construction of affordable housing or school facilities on Fir Ridge Drive, Lot "F" (APN 173-620-030) and extending performance date by three years to October 23, 2022; 2) authorize the recordation of the MOU; 3) authorize the execution and recordation of a Quitclaim Deed subject to the terms of the MOU; and 4) authorize the City Manager to take such other actions as needed to record and enforce the terms of the MOU.

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EXECUTIVE SUMMARY

When the Fir Ridge North at Fountaingrove Subdivision was approved in 1987, a condition of its development was the dedication of an approximately 7-acre site for development of either an elementary school, or low and/or moderate-income housing, On October 14, 2019, the City Council approved an amendment to the Memorandum of Understanding (MOU) between the City of Santa Rosa and the Santa Rosa City Schools (School District) to allow alternatives to construction of affordable housing or school facilities on Fir Ridge Drive, Lot "F" (APN 173-620-030, and to extend the

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timeframe for performance for an additional three years. This amendment was executed in the form of a Memorandum of Understanding dated October 23, 2019 (2019 MOU).

While the exhibits and presentation provided the Council indicated that the time for performance would be three years from the date of execution of the 2019 MOU (October 23, 2019), the resolution approved by Council, RES-2019-155, instead indicated that the extension would run for three years from the expiration of the earlier MOU (June 30, 2019, four months earlier). The additional four months (June to October) is now critical to the School District's plans. Ratifying the 2019 MOU as it is written and executed will confirm the parties' intent, resolve the inconsistency in the underlying documents, and allow the School District to move forward with its plans.

Additionally, staff is further requesting that Council (a) authorize the recordation of the 2019 MOU, (b) authorize the execution and recordation of a Quitclaim Deed for future sale of the property subject to the terms of the MOU, and (c) authorize the City Manager to take actions as needed to record and enforce the 2019 MOU, all as outlined below in the Background section.

**BACKGROUND**

When the Fir Ridge North at Fountaingrove Subdivision was approved in 1987, a condition of its development was the dedication of an approximately 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). A 6.03-acre site on Fir Ridge Drive was ultimately set aside for that 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 (Attachment 2 and highlighted below), a neighborhood park site now developed as Fir Ridge Park.



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From 1988 to 2015, there were a series of amendments to the original agreement between the City and the School District, each amendment extending the time for the School District's performance.

After a joint study session of the City Council and School District Board in October 2019, a further amendment to the original agreement was prepared and executed in the form of a new Memorandum of Understanding, dated October 23, 2019 (2019 MOU). The new 2019 MOU granted the School District flexibility in fulfilling the intent of the original 1988 agreement, giving the School District alternatives to the District's own development of Lot "F". In outlining those alternatives, the 2019 MOU provides as follows (excerpts only):

- “1. The District shall, within three (3) years of the date of this Agreement, do one of the following:
  - (a) notify the City of its intent to develop Lot “F” with housing for District employees; or  
  
sell the School Site to a third party. If District sells the School Site to a third party, and if requested by the District, City shall execute a Quitclaim deed relating to the School Site to facilitate its sale.
2. . . .
3. If District sells the School Site to a third party pursuant to section 1(b) above, it shall deposit all proceeds received from the sale . . . into a separate account. . . .
  - a. If District sells the School Site to a third party, it shall use the Proceeds for either:
    - (i) Financing the construction or acquisition of housing for District employees, or
    - (ii) Creating a revolving loan fund program (Loan Program) to provide down payment assistance to District employees.”

Unfortunately, although the MOU itself provided for a deadline “three years from the *date of this Agreement*,” the associated Council Resolution, Resolution No. RES-2019-155, provided for a defined date of June 30, 2022. Ratification of the 2019 MOU will cure that discrepancy.

PRIOR CITY COUNCIL REVIEW

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On April 26, 1988, Council adopted resolution 18841 approving and authorizing the execution of the Holding Agreement.

Between 1992 and 2015, Council adopted thirteen resolutions approving amendments to the Holding Agreement.

On June 30, 2015, Council adopted Resolution No. 28662, approving the Twelfth Amendment to Holding Agreement to extend the time of performance to June 30, 2017.

On June, 28 2016, Council adopted Resolution No. 28812, approving a 2016 MOU with the School District to extend time of performance through June 30, 2020.

On October 1, 2019, the Planning & Economic Development Department, in collaboration with the School District, presented a study session during a joint meeting of the City Council and School District Board to review the history of the Fir Ridge Holding Agreement and MOU, along with presenting proposed alternatives for consideration.

On October 14, 2019, Council adopted Resolution No. RES-2019-155, authorizing alternatives to the Fir Ridge MOU and extended the time of performance for an additional three years to June 30, 2022, to allow the School District to explore alternatives to construction of affordable housing on the site.

### ANALYSIS

By ratifying the MOU dated October 23, 2019, the Council will confirm that the time for performance under the terms of the MOU will be extended to October 23, 2022, rather than June 30, 2022 as set forth in the Council's Resolution No. RES-2019-155. The October date is consistent with the parties' intent and is essential to the School District current plan to sell Lot "F" and utilize the proceeds from the sale in accordance with the terms of the MOU.

To facilitate the District's current plan, the resolution being brought forward also seeks authorization to record the 2019 MOU, to execute a Quitclaim Deed in the event that the proposed sale moves forward and for delegation of authority to the City Manager to take such other actions as needed to record and enforce the terms of the MOU.

### FISCAL IMPACT

Not applicable.

### 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 Guidelines Section 15378.

### BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

### NOTIFICATION

Not applicable.

### ATTACHMENTS

- Attachment 1 – Fir Ridge MOU dated October 23, 2019
- Attachment 2 – Resolution No. RES-2019-155, adopted October 14, 2019
- Attachment 3 – City Council Minutes, October 14, 2019
- Attachment 4 – Fir Ridge MOU dated June 28, 2016
- Attachment 4 – Location Map

### CONTACT

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